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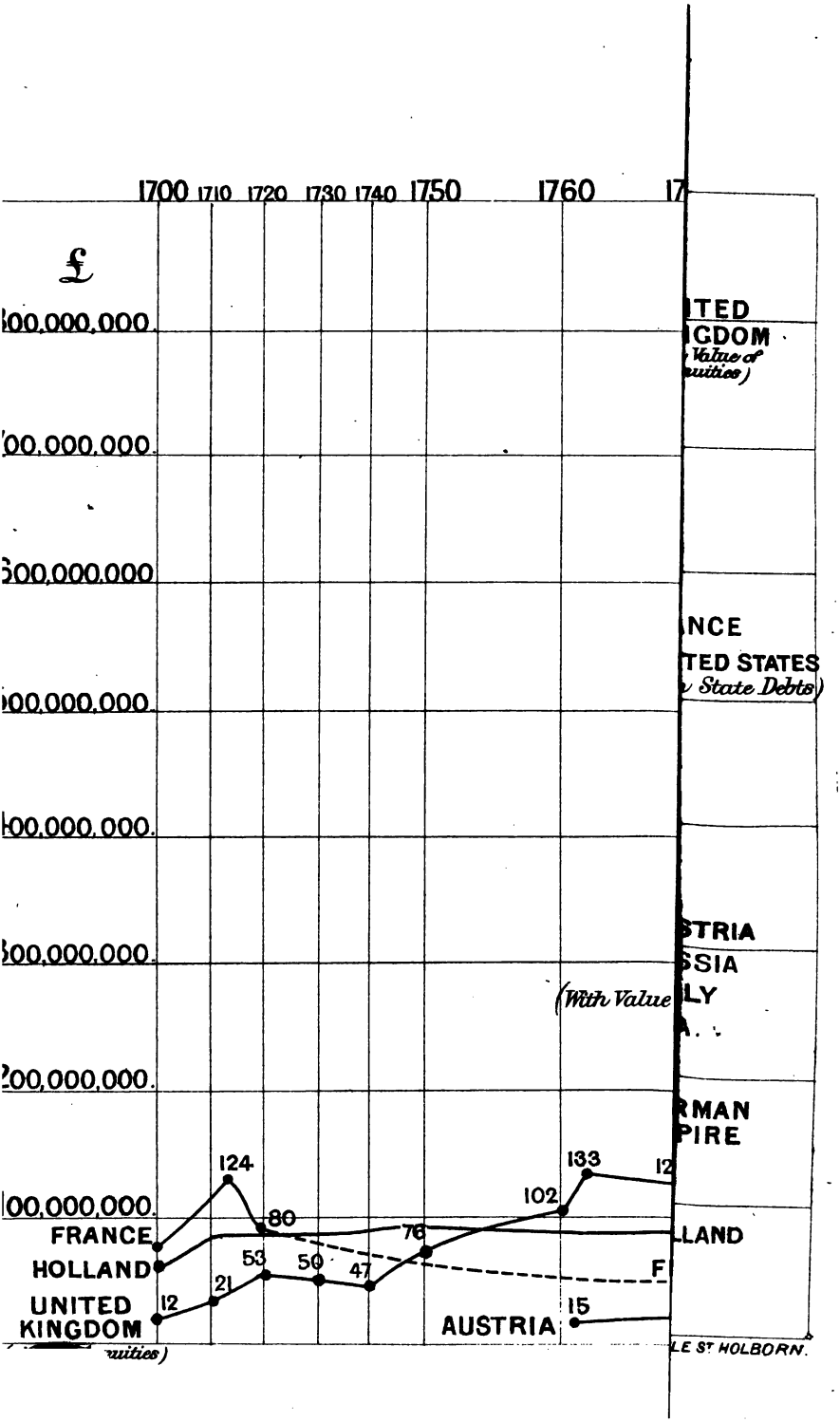
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NATIONAL DEBTS.

BY

R. DUDLEY BAXTER, M.A.

PARTLY READ BEFORE THE BRITISH ASSOCIATION, AT LIVERPOOL,
September, 1870.

London:

ROBERT JOHN BUSH, 32, CHARING CROSS, S.W.

1871.

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ENGLISH PARTIES. 8vo., pp. 76. Price 2/0. R. J. BUSH, 32, Charing Cross, London.

PREFACE.

THE aim of the following pages is to supply a brief summary of the history, amounts, and results of the National Debts of the world. The enquiry divides itself into four heads :—

First. The Nominal Capital borrowed by each Nation.

Second. The Annual Interest of each, and its Charge per Head of the Population.

Third. The real Pressure or Burden of the Debts on their resources.

Fourth. The Economical Effects of National Debts, and the question of their Reduction.

The two first heads belong to the province of strict statistics, and great pains have been taken to render the information complete and accurate.

The third is necessarily founded on estimates and calculations, which have been based on the best available data, but which are only stated

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as probable approximations—necessary for giving a general outline and idea of this part of the subject.

The fourth head belongs to the science of Political Economy.

Strict Statistics can only carry us part of the way in any investigation of the real effect on a Nation of its Debt or Taxes. Probable Statistics or Estimates must be resorted to if we are to make a temporary bridge over the chasms of our defective Statistical information, and to go on to study the question in its most important economical bearings.

I take the opportunity of acknowledging numerous facts and figures derived from the works of M. Maurice Block, so distinguished in International Statistics; and from the invaluable "Statesman's Year Book" of Mr. Frederick Martin.

HAMPSTEAD,
April 11, 1871.

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NATIONAL DEBTS.

I.

I ASK your attention for a short time to the Debts of the Nations of the world; those mortgages of their property and industry, invented in modern times, that weigh so heavily upon taxpayers. It may be useful to consider their rise and progress in the different countries where they exist, and their pressure upon the populations; to compare their relative amounts; and to add up their vast totals; so that we may form some idea of their aggregate burden, as well as of their separate effect on the nations that bear them, and whether efforts ought to be made for their diminution. The Subject.

The figures that I shall quote have been obtained from the best available sources, though for some States it has been difficult to gain absolutely certain information. The diagrams that accompany are designed to point out clearly to the eye the increase and decrease of the different debts, and to supersede long columns of figures. I hope they will also be useful in giving a complete and intel- Figures and diagrams.

ligible view at one glance of the National Debt period of nearly two centuries, and of the relative magnitude and pressure of the debts of the principal nations.

Methods of stating National Debts.

National Debts may be measured in four different ways. The first is the method usual in England, of estimation by *Nominal Capital.* Thus we say that in 1870 the Debt of England (including Annuities) was £800,000,000, and that of the United States £466,000,000. But this is inaccurate for purposes of comparison, because it leaves out of view the difference of Interest, which is three per cent. for the former, and five per cent. for the latter; and also since it takes no account of the difference of population, or of national wealth. But this method affords the easiest means of conveying to the English mind a rough idea of the Debt of each country; and I therefore use it as the basis of the investigation. The Nominal Capital is shewn in the first Diagram, prefixed to this volume, which gives the amounts supposed to be due from each country, expressed in units that represent million £s sterling, and connected by lines through ten-year periods.

1. By Nominal Capital.

2. By Annual Rente or Interest.

The second method is that in use on the Continent of Europe, of expressing the Debt by its annual *Rente* or *Interest.* This measures more accurately the burden upon the nation, except that in the case of England the uncorrected

figures make the burden too large by including the repayment of capital in the Terminable Annuities, as they do in any Debt with an undistinguishable Sinking Fund. But the corrected figures are still inaccurate as regards the pressure on the taxpayer, since they take no account of the numbers of the population, or of their pecuniary resources: representing the Debt of England as ten times the burden of that of Holland.

3. By Annual Charge per head of Population.

The third method makes a further advance by dividing the annual charge of the Debt by the population, so arriving at the annual burden per head of the nation. This is still inaccurate for comparison, since it makes no allowance for difference of means; and would put on an equal footing the Russian and the Englishman, whose average incomes are widely different. But, as the nearest practical approach to a common measure, this method is adopted in the second Diagram, of "*Annual Charge per head of Population,*" where the figures of the Rente or Interest per head are expressed in shillings and pence.

4. By proportion of Annual Charge to Income.

The fourth and most perfect method is to ascertain the proportion or percentage of the Annual charge of the Debt to the gross income of the population. For example, the corrected charge of the Debt of the United Kingdom in 1870 (£24,000,000) was a tax of nearly 3 per cent. on the

estimated gross Income of £860,000,000. But materials are seldom available for arriving at this comparison, and its general adoption must be left for an age of more complete statistical knowledge. I proceed therefore to describe the Debts of the different Nations by the first three methods, and the best information that can be obtained respecting the Incomes of the most important nations, in pursuance of the fourth method. Although this information is founded to a great extent on estimates and approximations, it gives a far truer idea of the real burden of a Debt upon a country than the most accurate figures of the other methods. I shall therefore make no apology for its introduction, and only hope that future researches will render it more complete and universal.

II.

The United Kingdom.

Rise and Progress of the Debt.

The Debt of Great Britain and Ireland has for more than a century stood out from those of other countries by its singular magnitude. It commenced in earnest after the Revolution of 1688, and a glance at the first diagram will show that it passed the debt of France about 1750, took a step in advance during the wars of the elder Pitt, then a longer stride in the eight years of American War, and finally an immense bound in the great French Wars from 1793 to 1815, which made it tower like a giant over the debts of all other nations. Since 1815 it has decreased slowly in nominal amount, and more rapidly in pressure per head of the population, and on the income of the country, but far less rapidly than it might have done with more determined efforts for its diminution.

It is recorded in very great detail in the Returns presented to Parliament, which give its amount and interest for every year from 1691 to the present time. But a perfectly accurate comparison of the real amounts due at those periods as either Capital or Interest is prevented by the

absence, before 1784, of the capitalized value of the Terminable Annuities.

Capital of the Debt.

1. The custom of borrowing by the State on security of taxes dates as far back as the Conquest. It was usually carried on by *tallies* or pieces of wood notched with the sums borrowed, one part of which was kept by the lender and the counterpart in the Exchequer. The loans bore no interest. In later centuries money was also borrowed by letters patent and debentures, and on pledge of the King's jewels. Charles II established a more formal system in 1664, by an Act authorising a loan of £1,250,000 on tallies and orders for repayment, bearing six per cent. interest.

National Debt Return 443, 1868.

	£
The Funded Debt was commenced by William III, to meet the expenses of his wars with France, and amounted in 1700 (exclusive of annuities) to	12,600,000
The wars of Marlborough under Queen Anne raised it at her death in 1714, the year after the Peace of Utrecht, to treble the amount, or	36,000,000
The wars with Spain under George I and II doubled it before the Treaty of Aix-la-Chapelle in 1748, when it was	76,000,000
The Seven Years' War brought it in 1763 to nearly	133,000,000

After a reduction of £5,600,000 during the eleven years of Peace that followed, the American War in ten years doubled its amount, and, including £30,000,000 capitalized value of terminable annuities, left it in 1784 at	£ 273,000,000	Same, p. 104.
After a second reduction of £3,400,000 during the ten years of Peace that succeeded, the French War in twenty-one years added £621,000,000, and left in 1815 a total debt of £861,000,000 Capital, besides £41,000,000 the capitalized value of the Terminable Annuities, making a total Debt in 1815 of	902,000,000	Mr. Gladstone, May 3, 1866.
The thirty-nine years' Peace that ensued diminished it by nearly £102,000,000, and, including £30,500,000 value of Terminable Annuities, left its amount in 1854	800,500,000	Statistical Abstract, 1870.
The Crimean War, which lasted two years, raised its amount in 1856 including £29,900,000 value of Annuities, to	834,000,000	
The Peace since 1856 has again reduced it, including £53,000,000 value of Annuities, to the amount in 1870 of	800,700,000	

Terminable Annuities.

The Terminable Annuities in the earlier years were small in amount, and up to 1815 had not been converted from Capital for reduction of the debt, so that the absence of some of their capitalized value is not important. Their yearly amounts were, A.D. 1700, £308,000; 1714, £912,000; 1748, £210,000; 1763, £477,000; 1784, £1,367,000; and 1815, £1,894,000; principally annuities for long periods granted as bonuses to subscribers for other stock.

In the second period the system was introduced of granting Life and Short Annuities, including repayment of capital, for the purpose of reducing the principal of the debt, and this increased their total to £4,000,000 in 1856. In 1860 the Long Annuities fell in, to the amount of £1,906,000 a-year; and in 1867–68 the Dead-weight Annuities of £586,000 a-year also ceased. But the system of creating Short Annuities was extended by Mr. Gladstone, Mr. Disraeli, and Mr. Lowe, so that their amount was, in 1870, £4,366,000, of which £1,593,000 represented interest on Stock, and £2,773,000 repayment of Capital.

Reduction of the Debt.

The total amount of capital paid off or expired from 1815 to 1870, including the additions during that period, are shewn in the following table :—

CAPITAL PAID OFF, 1815 TO 1870.

1804, Negro Emancipation	£20,000,000
1846–47, Irish Famine	7,000,000
1855–56, Crimean War	35,000,000
1865, &c., Fortifications..	6,000,000
1869, Purchase of Telegraphs	7,000,000
Further balance paid off, being the difference between £902,000,000 in 1815, and £800,000,000 in 1870 ..	102,000,000
Total for the 55 years..	£177,000,000
Being per year	£3,200,000

This does not include the Chinese and Abyssinian Wars, which were proper expenditure out of Revenue.

But these figures take credit for £41,000,000, the value of the Annuities existing before 1815, which were not created as a Sinking Fund; and they also take credit for the failure to meet the extraordinary emergencies during that period. The true reduction of the Debt of 1815, by the efforts of the nation during the last fifty-five years, after providing for the expenditure of those years, is only—

Clear reduction	£61,000,000
Being per year	£1,100,000

Such has been the progress of the English Nation in the task of reducing the Nominal Capital of the National Debt, a rate of progress that would require 700 more years to effect the final extinction of the Debt existing in 1815.

The additions made in the years of War were at a far larger rate :— War Increases.

AVERAGE ANNUAL WAR INCREASE.

Wars in the period from 1689 to 1763,	40 years	£3,400,000
American War,	10 years	11,600,000
French Revolutionary War,	22 years	28,000,000
Crimean War,	2 years	17,500,000

2 and 3. Now let us look at the total annual charge of the Debt, and the annual charge per head Annual Charge of Debt.

of the population, exclusive of repayments of capital.

Reduction of Interest.

The Annual charge has been diminished to a greater extent than the Nominal Capital, on account of the reductions of interest in prosperous times. In 1717 the rate was reduced from 6 to 5 per cent. In 1727 the interest on the greater part of the debt was reduced to 4 per cent., and in 1749 still further to 3 per cent. The saving on these reductions was £1,230,000 a year; a large proportion of the burden of the debt.

In 1822 the reduction of interest was recommenced, and 152 millions of 5 per cents. created during the French war were successively reduced to 4 per cent. in that year, and 3½, 3¼ and 3 per cent. in 1830, 1844, and 1854. Seventy-six millions of 4 per cents. were similarly reduced in 1824, 1844, and 1854. The total result of these and some smaller operations was a saving of £3,764,000 a year, equal to a capital of 120 millions.

Increase of Population.

The Annual charge per head was further reduced by the increase of population, which was slow till 1750, and rapid during the latter part of that century and the beginning of the next, and which has trebled the inhabitants of the United Kingdom since 1750.

ANNUAL CHARGE OF DEBT.

A.D.	Annual Charge	Population of United Kingdom	Annual Charge per Head
	£		*s.* *d.*
1700	1,250,000	9,000,000	2 9
1712	3,030,000	9,100,000	6 8
1736	2,100,000	9,500,000	4 5
1763	5,030,000	10,500,000	9 7
1784	9,240,000	13,000,000	14 2
1815	32,100,000	18,500,000	34 8
1843	27,550,000	27,000,000	20 5
1870	24,270,000	30,800,000	15 9

The amounts deducted in this table from the gross charge of the Debt and Terminable Annuities for repayment of Capital, in order to obtain the net charge, are— Return 443, 1858.

In 1784 .. .. .. £300,000
„ 1815 .. .. .. £540,000
„ 1843 (estimate) .. £1,500,000
„ 1870 .. .. .. £2,780,000

Hence the diminution between 1815 and 1870 in the total Annual Charge, by reduction of interest, and falling in of annuities, and repayment of capital, was larger than the decrease of nominal capital, being £7,830,000, or nearly 25 per cent. Diminution of Annual Charge.

The diminution during the same period in the Annual Charge per head of the population —by the same causes and also by the numerical Diminution of Charge per head.

increase of the nation—was still larger, being from 34*s.* 8*d.* to 15*s.* 9*d.*; or a reduction of 55 per cent.

Proportion of Annual Charge to Income of the Nation.

4. But even this table does not give, as we have before shewn, a correct idea of the comparative burden from time to time upon the taxpayers. We often wonder why our forefathers, under George I and in the early years of George III, complained so bitterly of the oppressive load of Debt, and predicted the speedy ruin of the nation by its pressure, although its rapid increase from 1793 to 1815, to more than three times the amount, was borne with comparative equanimity. The explanation is to be found in the enormous increase during that period of the income and resources of the Kingdom, and the fall of the value of money, which rendered the burdens of the eighteenth century a feather weight in the century that succeeded. Can we ascertain approximately the extent of these changes, and the growth from 1700 to the present time of the total Income of the nation?

The Income of the Nation, A.D. 1700.

It so happens that we have a reliable estimate of the national income at the commencement of this period. A great statistical writer, Gregory King, has left upon record a calculation, which has been generally accepted as very near the truth, computing the annual income of England and Wales

in 1688 at £43,000,000, of which twenty-three millions, or rather more than half, represented real and personal property and trades and professions (now constituting the Income-tax classes), and the remaining twenty millions, the wages of manual labor. Mr. Newmarch has observed that a similar proportion appears to exist at the present day. With an addition of seven millions for Scotland and Ireland, and five for the increase in twelve years, we may take the income of the United Kingdom in 1700 at about £55,000,000.

National Income in 1784.

Can we estimate from this basis the income of the Kingdom in the latter half of the century? We find from Gregory King and Arthur Young (also a very high authority), that agricultural wages rose from a shilling per day in 1688 to eighteen pence in 1790; and that the rental of land, without houses, increased in England and Wales from £10,000,000 in 1688 to £16,000,000 a-year in 1770; while population had increased from 9,000,000 in 1700 to 13,000,000 in 1784, and there was also a gradual increase of the manufactures and commerce of the nation. Arthur Young calculated the income of England alone in 1770 at 122 millions. That of the United Kingdom may therefore with great probability be estimated in 1784 at nearly three times the income in 1700, or £150,000,000.

Northern Tour, IV. 393.

Great increase to 1815.

In 1784 began the first great expansion of

trade and manufactures, which was immensely accelerated after 1793 by the effect of the war. England obtained the monopoly of the trade of the world, and the exports and imports increased with wonderful rapidity. Watt introduced the steam engine for cotton mills in 1785,-and the exports of cotton rose from £355,000 in 1780 to £19,000,000 declared value in 1815. The exports of woollens doubled in twenty years. The production of iron rose from 68,000 tons in 1788 to 400,000 tons in 1820. Corn largely increased in price, and the rental of land in England and Wales, without houses, rose from £16,000,000 in 1770 to £36,000,000 in 1815. Hence it need not be wondered that the gross amount of income from property and profits assessed to Income-tax in Great Britain in 1814–15 down to incomes of £60 a-year was £146,400,000; which, with an estimate of £15,000,000 for Ireland, and a very moderate sum for evasions, shews a total income of the upper and middle classes of the United Kingdom for that year of more than £175,000,000; and indicates a total income of the whole nation of double that amount, or £350,000,000.

Temporary diminution after 1815.

But the Peace of 1815 was followed by a great contraction of the currency and fall in prices and wide spread distress, so that the rent of land three or four years after was estimated to have fallen back to the valuation of 1810, less than

£30,000,000; and the whole income of the country to have suffered severely. Lord Liverpool, when Prime Minister, in a speech in the House of Lords estimated the total income of the country in 1822 (probably too low) at 250 to 280 millions.

Increase to 1843.

But the continual increase of population increased the national income, and when the Income-tax was reimposed in 1843, before the return of prosperity, Income-tax was paid upon £205,000,000 in Great Britain; without including incomes between £100 and £150, for which, and for evasions of the tax, and also for Ireland, at least £50,000,000 may be added; thus showing a total income of the upper and middle classes in the United Kingdom of £255,000,000; and indicating a total Income of the nation of twice that sum, or more than £500,000,000.

Great expansion to 1870.

After 1843 an enormous expansion of trade took place for twenty-five years in consequence of Railways and Free Trade—raising the Exports of British and Irish produce from fifty millions sterling to 190 millions, and the total Imports from seventy millions official value (probably equal to eighty millions real value) to 295 millions —and for 1867 the income of the country was estimated at £408,000,000 assessable to Income-tax (of which 374 millions actually paid duty), and £407,000,000 below Income-tax, making a total of £815,000,000. Since that time three years

D. Baxter, National Income, p. 65.

have elapsed, during which the assessments to income-tax have grown larger, and the increase of income and earnings cannot be taken at less than £15,000,000 a-year, making a total income in 1870 of £860,000,000.

We have therefore the following summary of the whole period from 1700 to 1870.

PROPORTION OF ANNUAL CHARGE OF DEBT TO GROSS INCOME.

A.D.	Annual Charge	Estimated Income of United Kingdom	Percentage of Charge to Income
	£	£	
1700	1,250,000	55,000,000 to 65,000,000	2·3
1712	3,030,000		4·5
1736	2,100,000	about	2·3
1784	9,240,000	150,000,000	6·2
1815	32,100,000	350,000,000	9·0
1843	27,550,000	500,000,000	5·5
1870	24,270,000	860,000,000	2·8

The Annual Charges from 1784 to 1870 are, as in the last table, corrected by the deduction of the amounts estimated as paid for reduction of capital.

Estimates on a taxable basis.

These estimates of the Income of the Country are founded for the eighteenth century upon those of Gregory King and Arthur Young, and after 1800 upon the assessments to income-tax (with small additions for evasions) of the upper and

middle classes, and moderate calculations of the earnings of the working classes, with full deductions for loss of working time. They are essentially estimates on a taxable basis, which is always a minimum. They differ from estimates of production and wages, which are adopted in the United States and other countries, because they omit a large amount of working expenses, such as produce consumed on farms, and do not contain any sufficient allowance for unreturned income. Estimates of production, on the contrary, include both these heads, and usually fail to make any reduction for deficiency or waste or losses; and are apt to become patriotic and maximum estimates; requiring deductions for all the above items before comparison with estimates on a taxable basis.

The growth of Income.

The conclusions to which the Table points are curious and important. As regards Income it gives reason to believe that in less than two centuries—the age of constitutional government in England—the Income of the United Kingdom, by the increase of its resources and the fall in the value of money, has become more than fifteen times greater than its amount at the beginning of that era; having trebled during the first half of the period; and increased more than five-fold during the second half, from 1784 to 1870.

Pressure of the Debt.

But even more surprising is the estimate to which it leads of the pressure of the Debt at the different periods. We may realise this more clearly by enlarging the percentages to the standard of our present income, so as to shew how similar proportions of Debt would press upon ourselves at the present day. The following table shews what we should now be paying, if taxed for the Debt at the same rates per cent. on an Income, in round figures, of 850 millions.

PROPORTIONATE CHARGES ON OUR PRESENT INCOME.

A.D.	Percentage of Charge to Income (from last Table)	Amount on an Income of £850,000,000
		£
1700	2·3	19,500,000
1712	4·5	39,000,000
1736	2·3	19,500,000
1784	6·3	53,000,000
1815	9·0	76,000,000
1843	5·5	48,000,000
1870	2·8	24,000,000

Its rise and fall.

Thus at the beginning of the eighteenth century, after only ten years of existence, the Debt was nearly as great a burden upon the resources of the Nation as it is at the present time, and required nearly as large a percentage of

taxation. By the end of Marlborough's victories in 1713 its annual charge had grown into a proportion that would now entail fifteen millions more than our present interest. The peace that succeeded, and the prosperous administration of Sir Robert Walpole, reduced the interest until it fell again to the level of 1700. The Spanish and American Wars up to 1784 raised it to more than twice our present proportion, equivalent to a present taxation of fifty-three millions. The French War, notwithstanding an immense increase of resources, augmented the charge to nine per cent. on the income of the Nation, equal in proportion to £76,000,000, or more than the whole of our present Imperial taxes; a pressure that we can now hardly conceive, and that fully accounts for the distress after the conclusion of the war. The diminution of the charge has been equally rapid, falling in 1843 to three-fifths of the pressure of 1815; and in 1870 to a third. It has now almost returned to the proportionate burdens of 1736 and 1700. May no great war or series of wars interfere, as they did after 1736, to inflict upon us an enormous increase!

Capital and Income.

The proportion of Capital to National Income is worth noticing. The Capital seems to have been a quarter of a year's income in 1700, more than a half year's in 1712, and one year's income in 1761. In 1784 it was one and a half year's income, and in 1815 it was two and a half years'

income. In 1843 it had returned to the proportion of 1784, or eighteen months' income, and in 1870 it fell to the level of 1760, or less than one year's income.

Analysis of the Causes of reduction of pressure.

The difference of these four methods of estimating the National Debt is very evident. We may turn them to account for shewing the causes to which the reduction since 1815 is due.

The first, the account of *Nominal Capital*, shews the net reduction since 1815 by *payment of capital and cesser of annuities* to have been £102,000,000 out of £902,000,000, or 11 *per cent.*

The second, the account of *Annual Charge*, shews a total reduction of 24 per cent., being an additional reduction through *diminution of Interest* of .. .. .. 13 *per cent.*

The third, the *Annual Charge per head*, shews a total reduction of 55 per cent., being an additional reduction through *increase of population* of .. .. 31 *per cent.*

The fourth, the *Proportion of Annual Charge to Income*, shews a total reduction since 1815 of 69 per cent., being an additional reduction through *increase of wealth beyond population* of .. .. 14 *per cent.*

Hence, of all the causes of diminution of the burden of the Debt, repayment of Capital by the

exertions of the nation has been much the least important; diminution of the rate of interest stands next in order; increase of wealth beyond the increase of population has been still more powerful; and the increase of population has been the most effective of all.

British Colonies and Dependencies.

Some account should be added of the Debts of the British Colonies and Dependencies. That of India is the oldest and most important. India.

The Debt of India in 1775 was only	£2,000,000
In 1785 it had increased to	8,000,000
In 1810 it reached, and was for twenty-seven years stationary, near	29,000,000
The Affghan, Scinde, and Sikh Wars raised it by 1849 to	51,000,000
The Indian Mutiny and successive deficits have increased it in 1869 to	103,000,000

Australia has since 1855 contracted large Debts in proportion to her population. Her six States, South Australia, Western Australia, New South Wales, Victoria, Tasmania, and Queensland,—with a population of only 1,600,000,—have accumulated in fifteen years debts amounting to £28,500,000. But at least three-fourths of this capital has been borrowed for Railways and other productive works, so that the annual charge is a light burden on the people. Australia.

New Zealand.

New Zealand has been even more profuse, having since 1855 contracted a debt of more than seven millions for a population of about 250,000. Part was borrowed for remunerative purposes, but the annual charge per head is just twice that of England.

Canada and British North America.

Canada and the adjacent Colonies have been more economical, and with a population of four millions have only borrowed nineteen millions, and this to a considerable extent for roads, railways, and works of public utility.

West Indies.

The West Indian Islands and the South American Colonies of Honduras and British Guiana have debts of moderate amount, only £1,700,000 for a population of one million.

South Africa.

The Cape of Good Hope, Natal, and Mauritius are equally moderate, having less than two and a half millions of debts for 1,165,000 population.

Malta and Hong Kong.

Malta and Hong Kong have Debts of £71,000 and £16,000.

British Empire.

Hence the total Debts of the British Empire, exclusive of Sinking Funds and repayment of Capital, were—

BRITISH EMPIRE.—NATIONAL DEBTS, 1869–1870.

	Population and Area (square miles)	Capital of Debt	Annual Charge	Charge per Head
		£	£	s. d.
Great Britain and Ireland ..	30,800,000 120,000	800,700,000	24,270,000	15 9
British India	155,000,000 911,000	103,000,000	5,025,000	0 8
Australian Colonies	1,588,000 2,752,000	28,500,000	1,600,000	20 0
New Zealand..	245,000 122,000	7,180,000	360,000	29 0
Canada and British North America	4,280,000 620,000	19,230,000	960,000	4 8
West Indies and South American Colonies ..	1,002,000 92,000	1,700,000	85,000	1 8
African Colonies	1,165,000 218,000	2,460,000	150,000	2 6
Malta and Hong Kong ..	260,000 147	87,000		
TOTAL ..	194,427,000 4,835,147	963,487,000	32,470,000	

They are rather larger in amount, both of Capital and Annual Charge, than the Debts of the United Kingdom and India in 1815 ; showing an increase of £34,000,000 capital, and of less than £2,000,000 interest. But instead of being borne, as in 1815, by a British population of 18,500,000, and 80,000,000 Indians, they were borne in 1870 by an English-speaking population of more than 38,000,000, and 155,000,000 inhabitants of India.

III.

The United States, Germany, &c.

Other Teutonic and Scandinavian States.

From England we turn to the States most closely connected with her by race and institutions;—the United States her former colony; Germany, Belgium, and Holland, the mother-countries of the Anglo-Saxons; Denmark, Sweden, and Norway, the sources of our Danish and Norse blood; and the free States of Switzerland. We shall find that all have common characteristics respecting their National Debts, differing considerably from those of the Celtic, Slavonic, and Turkish peoples; more thrifty and saving, and anxious for repayment.

UNITED STATES.

United States' Debts.

The Federal Debt of the United States is unprecedented in its sudden and enormous growth, and in the present rapidity of its reduction. It has existed since the Declaration of Independence

in 1787, but for the first 73 years was of insignificant proportions. With it ought to be considered the separate State Debts, which for thirty years before the Civil War were more important than the Federal Debt, but much more difficult of ascertainment.

1. The Capital of the two kinds of Debt is as follows :— Capital.

FEDERAL DEBT.

	£	
In 1791 the Debt of the Federation was	15,000,000	Federal Debt.
„ 1816 „	25,000,000	
„ 1836 „	58,000	
„ 1848 „	9,800,000	
On July 1st, 1861	18,000,000	American Year Book, 1869.
On July 1st, 1865, after four years' Civil War, it had risen to	551,000,000	
On January 1st, 1871, after five and a half years of Peace, it had been reduced to	466,400,000	Times.

The State Debts came into existence after 1820. They were principally borrowed in England, for roads, canals, and railways; but received a large increase for war expenditure during the Civil War. Their total amounts were, according to the best obtainable information :— State Debts.

STATE DEBTS.

		£
Fortune's Guide to the Funds.	In 1836	12,850,000
	„ 1849	37,800,000
	„ 1860	45,800,000
American Year Book.	„ 1865	71,600,000
	„ 1869	66,000,000

Mr. Wells' Report, 1869, p. 6.

This is independent of county, city, and town debts, which are much heavier than any corresponding debts in England, and were increased by £40,000,000 on account of the Civil War. But disregarding them in the present account, and only dealing with the State Debts (which are about equal in amount to the total increase of State and local debt by the war), we have the following summary of the Government Debts of the United States :—

FEDERAL AND STATE DEBTS.

A.D.	Federal Debt	State Debts	Total
	£	£	£
1791	15,000,000	—	15,000,000
1816	25,000,000	—	25,000,000
1836	58,000	12,850,000	12,908,000
1848	9,800,000	37,800,000	47,600,000
1861	18,000,000	45,800,000	64,000,000
1865	551,000,000	71,600,000	622,600,000
1870	466,400,000	66,000,000	532,400,000

The rates of increase and decrease are :—

AVERAGE ANNUAL INCREASE.

	£
Four years of War	139,000,000

AVERAGE ANNUAL DECREASE.

	£
Five years of Peace	16,000,000

Nothing in the Old World can compare with these figures.

2 and 3. If we look at the Annual Charge and the Population the result is equally striking. Annual Charge.

ANNUAL CHARGE OF FEDERAL AND STATE DEBTS. Federal and State Debts.

A.D.	Annual Charge	Population	Charge per Head	
	£		*s.*	*d.*
1800	830,000	5,300,000	3	0
1820	910,000	9,500,000	1	10
1836	774,000	15,000,000	1	0
1848	2,710,000	22,000,000	2	5
1860	3,398,000	31,500,000	2	2
1865	33,046,000	35,000,000	19	0
1870	27,280,000	38,500,000	14	2

Thus the Annual Charge of the Federal and State Debts in 1865 was in round figures Reduction of Total Charge,

£33,000,000, or more than 8½ millions greater than that of Great Britain. During the succeeding 5½ years it has been reduced, with scarcely any diminution of the rate of interest, by £5,700,000; or at the rate of £1,000,000 a year; and was in 1870 three millions more than the Annual Charge of the British Debt. The Federal interest is paid in gold, and has till lately been equivalent to a third more in currency.

and of Charge per head.

The Charge per head of the population in 1865 was 19*s.*, or 3*s.* more than that of Great Britain. At the end of 1870 it was diminished by the reduction of the Debts, and the increase of population, to 14*s.* 2*d.* per head; or 1*s.* 7*d.* less than that of Great Britain.

Federal Debt alone.

For the Federal Debt alone the figures are—

FEDERAL DEBT.

	Annual Charge	Charge per Head
	£	*s.* *d.*
1836	3,000	—
1848	490,000	0 5
1860	650,000	0 5
1865	28,750,000	16 3
1870	23,320,000	12 0

So that the Annual Charge in 1865 was four millions sterling more than that of England, and in 1870 one million less; while the Charge per Head was in 1865 about the same as that of England, but in 1870 it was 3*s.* 9*d.* less.

Results.

These figures are astonishing; that a young nation like the United States should have paid off in little more than five years nearly £90,000,000 of capital, or twenty-eight millions more than the net reduction by Great Britain in the fifty-five years since 1815, and should have reduced the interest £5,700,000, or nearly two-thirds of the whole reduction by Great Britain during the same period; without any aid from the cesser of annuities and diminution of the rate of interest, which assisted so considerably the English total.

Mistaken Taxation.

But this reduction has been effected by a severity of taxation, and a mistaken system of imposts, that have crippled many branches of industry, and have probably cost the public of the United States—by the artificial prices of protected articles, and the check to trade and the increase of wealth—more than £250,000,000 of actual payments, instead of £84,000,000 and many times more than five millions a-year of lost profits of manufactures and commerce. For a State to pay off its debt by high protective duties, is as unwise a policy as it would be for a merchant to pay off his by levying a toll at his shop door upon all his customers. A more judicious system of taxa-

tion might have accomplished a considerable reduction without such disastrous consequences.

Resources of the United States.

No State in the world has less need than the United States to make sacrifices for a rapid reduction of the Debt, since in no other State will the Debt so surely and rapidly reduce itself by the natural growth of the nation. The extent of the United States is four-fifths of that of Europe, containing in States and Territories more than 2,800,000 square miles, or twenty-three times as much as Great Britain and Ireland. As this vast region becomes more completely settled, the land will increase in value, until it will form a basis for taxation almost equal to that of Europe. The average taxable value of land in the United Kingdom is more than £50,000,000 a-year per 100,000 square miles. When the lands of the United States attain one-fifth of this average value they will pay taxes upon £280,000,000 a-year, an amount four and a half times as large as the present taxable value of the lands of the United Kingdom.

Coals and Manufactures.

The Coal formations, on which Great Britain founds her manufacturing and part of her commercial pre-eminence, are comprised in an area of 5,500 square miles, and far exceed any coal fields in Europe. But the United States possess coal fields, believed to be equally rich in coal, covering an area of 197,000 square miles, or more than 36

times as great as those of Great Britain, and more than three times as large as the whole extent of England and Wales; an area capable of supporting a prodigious manufacturing population and commerce. Iron is also found over an immense area.

Increase of Population.

The increase of population is on a greater scale than any increase in Europe, having been in the United States from 1790 to 1860 at a uniform rate of 33 per cent. every ten years,—or doubling in less than twenty-five years. The increase in the last ten years, including the period of civil war, has been 25 per cent., or doubling in thirty years. The United Kingdom doubles its population in 75 years. The American rate will slacken as the country becomes fuller, but there is every probability that in fifty or sixty years at the latest—a period not longer than that from 1815 to 1870—the United States will contain more than 100,000,000 inhabitants.

National Income.

4. The national Income of the United States is already very large, and it augments more rapidly than even the population. Englishmen may be surprised to learn that in 1860, before the Civil War, it was calculated by Dr. William Elder, in an estimate since adopted in official Reports, as £760,000,000 a-year; and that in 1869, Mr. David Wells, the Special Commissioner

of Revenue, presented in his Report to Congress an elaborate estimate, in which he calculated its amount in that year as £1,365,000,000 currency, with gold at 35 premium, or a gold income of £1,011,000,000.

Mr. Wells' Report, pp. 15–20.

The items of the calculation, with the corresponding amounts in gold, are—

MR. WELLS' ESTIMATE OF INCOME OF UNITED STATES, 1869.

	Currency	Gold
	£	£
Agriculture	656,600,000	485,684,000
Manufactures	96,000,000	71,140,000
Handicrafts (1,000,000 artisans) ..	200,000,000	148,000,000
Laborers, servants, &c.	320,400,000	237,096,000
Railway Service ..	72,000,000	53,280,000
Fisheries	20,000,000	14,800,000
	1,365,000,000	1,010,000,000

The details of the great item of Agricultural products are in currency, Corn (wheat, Indian corn, oats, barley, rye, and buckwheat) 193 million quarters, worth £207,000,000; Hay £50,000,000; Flesh of animals (deducting hay and grain consumed) £80,000,000; Dairy products (deducting the same) £80,000,000; Cotton £60,600,000; Wool £13,000,000; Tobacco £7,400,000; Hides £7,400,000; Potatoes £18,000,000. All other products, including annual increase in value of cattle and horses, and annual addition to value of farms and farm-buildings, £130,000,000.

Deductions.

This, like all the American estimates, is formed upon calculations of produce and prices, and, as Mr. Wells admits, is much more liable to error

than the English estimates, founded upon returns of taxation and stricter investigations. The remarks made at page 18 respecting the difference between estimates on a taxable basis and estimates of production apply to the present calculation, with the following additions. The quantities of produce appear very large, though the prices are moderate; and a considerable allowance should probably be made for loss and waste. As credit is taken for the increase during the year of the value of animals not slaughtered, a similar deduction ought to be made from the item "flesh of animals," for the increase due to the previous year. The interest due to foreign bondholders, estimated by Mr. Wells at £17,000,000 gold, ought also to be subtracted. But to counterbalance these deductions, there is the fact of the great decrease of the gold premium since the date of the estimate without any serious diminution of prices. Large as the amount may seem, I should be disposed to accept Mr. Wells' estimate of the gold income of the United States in 1869, as representing their gold income in 1870, or £1,000,000,000 sterling.

It must be remembered that the increase of population—about 900,000 a-year—in a country where every worker can find employment and comparative comfort, of itself warrants the calculation of an annual increase of £23,000,000 a-year of

income, besides the rise in the standard of property and earnings, which probably raises the increase to thirty or even £35,000,000 a-year, or double that of the United Kingdom. It must also be recollected that the high income and earnings of the United States, even when measured in gold, are partly caused by inflation of prices above the English standard, and do not necessarily represent greater power of purchasing.

Reasons for judging.

I see no reason to doubt that the national income of the United States exceeds that of the United Kingdom. The population is more numerous by nearly eight millions, which, at £25 per head, gives £200,000,000 more income. The earnings of all classes of laborers are greater, and there are no paupers, so that the total income of the working classes must be far larger. The scale of prices and living is much higher than in England, and the incomes of the classes next above the laborers higher in proportion. On the other hand there is much less capital in the country, and the upper or wealthy classes are much less numerous. The Income-tax begins at £200 a-year, instead of at £100 as in England, and indefinite exemptions are allowed for rent. Probably there is also very great ingenuity and success in evasion. But in 1868 Income-tax was paid by only 250,000 persons, instead of the estimated number of 425,000 persons paying Income-

Mr. Wells' Report, 1869, p. 69.

tax on £200 a-year and upwards in the United Kingdom. The amount on which it was paid was £160,000,000 exclusive of all remissions, instead of the estimated amount of £320,000,000 paid upon by the same 425,000 persons in the United Kingdom. It seems probable that the deficiency in the wealthier classes goes far to balance the greater population. But the higher earnings must turn the scale in favour of America, and render the estimate of £1,000,000,000 a very probable one. But this surplus is absorbed in the greater cost of living, and the Americans save much less than the English or Germans. This would make the annual burden of the Debt the same as in England, or 2·8 per cent.

Future Increase of Income.

But it is an Income that will increase very rapidly; with the increase of population, trade, and the value of land, sixty years hence a population of 100,000,000 are likely to have an income larger per head than at present, and probably not less in amount than £2,500,000,000; estimating only £25 per head, or less than the present British average. With such a probable growth of income, the present Debt becomes insignificant, in proportion. The reduction of interest from the present average rates of 5 per cent. for the Federal Debt and 6 per cent. for the State Debts will of itself bring a great diminution of burden. With ordinary financial prudence it will be paid off

by the surpluses that are sure to result from the elasticity and natural growth of the revenue. The Americans need four things for the development of their country;—to readjust the taxes that diminish their power of production and their commerce; and to keep out of wars that would hinder their growth and prosperity; to keep good faith with every public creditor, so as to attract the Capital which is required by the rapid development of the nation; and to promote intercourse and friendly feeling with European countries, especially England and Germany, whose wealth and population have a continual tendency to invest themselves in America.

GERMANY.

Capital of Debt.

1. The Debt of Prussia has always been the smallest of any of the Great European Powers.

		£
Prussia. M. Block, Europe, p. 368.	In 1800 the Capital was	5,250,000
	The expenses of the French Wars raised it by 1820 to	31,000,000
Cohen, p. 24.	The Debt weighed very heavily upon a nation of 10 to 11 millions of inhabitants ruined by invasions and warfare. Yet in 1842 nearly £10,000,000 had been paid off, and the Debt was reduced to	21,000,000

After the revolutions of 1848 a series

	£	
of deficits took place which increased the debt rapidly. A number of loans were contracted from 1850 to 1864 for military preparations and the construction of great lines of railway, which brought its amount in 1866 to ..	42,000,000	Statistical Tables.
In 1870 it had increased, through the War with Austria, to ..	56,700,000	Martin's Year Book.
To this must be added the debts of the States annexed in 1866, amounting to	9,700,000	

The Debts of the German Empire are very complicated and numerous, but they may be summed up as follows:— German Confederation.

GERMAN EMPIRE.

		£	
Prussia and annexed States ..		66,400,000	Martin's Year Book.
Remaining North German States ..		28,700,000	
South German States—			
Bavaria ..	2,967,000		
Wurtemburg	10,570,000		
Baden ..	7,700,000		
Hesse ..	1,270,000		
		49,200,000	
German Confederation Loans of 1867, and July and December, 1870		26,600,000	
Total Capital ..		£170,900,000	

Of this there has been spent on Railways and Public Works—

	£	
Prussia	27,670,000	
Saxony	14,000,000	
Brunswick	1,840,000	
Mecklenburg Schwerin ..	525,000	
Bremen	600,000	
Bavaria	12,180,000	
Wurtemburg	5,500,000	
Baden	5,000,000	
Hesse	1,000,000	
		£68,315,000

So that the unremunerative Debt was only £102,600,000.

Annual Charge.

2 and 3. The total interest of the Debt in 1870 was £7,340,000

The average nominal charge per head on the whole German population of 38½ millions was therefore .. .. .. 3*s.* 9*d.*

But to pay this, the German States have the net receipts of their railways, and the produce of the public mines and ironworks, which in Prussia and Saxony and other States (without the domains and forests) balance the interest of the Debts. The French payments will cancel a large portion of the Debts, or be accumulated in funds or investments. The Germans, alone of the great Powers, will be practically free from debt ; and not only so, but they

will also possess great surplus funds and State property for the relief of taxation, and for use in war.

National Income.

4. Calculations have been made of the national income of Prussia, from the tax-valuations on incomes under £150, and the income-tax on those above that amount, in the old provinces of Prussia containing 19,500,000 inhabitants. The incomes assessed in 1867 were only £115,000,000; but M. Block, whose great reputation as a statist is well known, estimates, from his experience of French and Prussian valuations, that these amounts are on an average only one-third of the real income and earnings of the Prussian provinces, which ought to be estimated at £345,000,000. The annexed and South German States are more wealthy than Prussia, so that, even allowing for some over-estimate in Prussia itself, the total income of the Empire of Germany, with its 38½ millions of inhabitants, cannot be taken at less than £725,000,000; on which the nominal pressure of the Debt would average 1 per cent., but the real burden will be nothing at all.

M. Block, Europe, p. 92.

The annexation of Alsace and part of Lorraine, with important manufactures and 1,600,000 inhabitants, raising the population of the Empire to more than 40,000,000, will add considerably to the national income of Germany, and render it equal, even in prosperous times, to that of France.

HOLLAND.

Holland. Holland is almost the smallest State of Europe. But two centuries ago she was the wealthiest of all, with colonies in the East Indies, West Indies and Cape of Good Hope, and monopolised the carrying trade of Europe. In proportion to her resources she carried the system of public loans to a greater extent than any other nation.

Rise of Her Debt. Her Debt was contracted in the sixteenth and seventeenth centuries, in her galiant struggle against the tyranny of Spain, and wars with Cromwell, Charles II, and Louis XIV; and attained its greatest height about the end of the 17th century, when the Debt of England was just beginning.

So oppressive did her taxes become that they were supposed to double the price of bread consumed in the towns, and it was a common saying at Amsterdam that every dish of fish brought to table was paid for once to the fisherman and six times to the State. For a time her commerce, fisheries, and manufactures continued to increase under the burden. After 1672 her decline began, and became serious about 1713. "Wages," says Mr. McCulloch, "having been raised so as to "enable the labourers to exist, the weight of tax- "ation fell principally on the capitalist. Profits "were in consequence reduced below their level in "surrounding countries, and the United Provinces

McCulloch, Taxation, p. 412.

" lost their ascendency; their fisheries and manu-
" factures were undermined; and their capitalists
" chose in the end rather to transfer their stocks
" to the foreigner than to employ them at home."
In 1778 the Dutch had about £62,000,000 in the public funds of France and England, a very large sum in those days.

The wars of the French Revolution completed her misfortunes. Invaded and conquered by the French, she lost her Commerce, her Colonies, and her independence, and is said to have paid in war contributions to the French from 1794 to 1814 nearly £100,000,000 sterling.

Capital of Debt.

1. In 1810 the Capital of her Debt was £100,000,000

The annual interest of £3,500,000 was beyond the power of the nation to pay. But rejecting the law passed by Louis Bonaparte for annulling two-thirds, she converted her Debt in 1814 into £48,000,000 actual, and £96,000,000 deferred, with a Sinking Fund and provisions for ultimately meeting the whole. The total of the Debt was thus raised to £144,000,000

Further additions were necessary in 1820, and though £10,000,000 was transferred to Belgium after 1830, a loan of equal amount was necessary, £10,000,000 in 1844 for the deficiencies caused by the

Belgian War; and yet in 1851 the Debt had been reduced by the Sinking Fund and surpluses to £102,460,000
In 1869 it had been further diminished to 80,640,000
being a net diminution in fifty-four years of £64,000,000; or rather more than the similar diminution in Great Britain during the same period, although Great Britain is ten times as great in population and resources.

Annual Charge.

2 and 3. The reduction of the Annual Charge is also very great.

ANNUAL CHARGE OF DEBT.

A.D.	Annual Charge	Population	Annual Charge per Head
	£		s. d.
1810	3,500,000	2,270,000	30 10
1851	3,070,000	3,150,000	19 6
1869	2,298,000	3,750,000	12 3

The above is exclusive of the Sinking Fund and surpluses, that have added very materially to the temporary burden of the Debt. But even the net charge was in 1810 nearly as heavy as that of

England at its highest point in 1815, and is now reduced by 60 per cent. of its old burden.

Holland is a signal example of the danger of a National Debt, and of perseverance and success in its reduction.

BELGIUM.

The Debt of Belgium, though small in amount, ought to be noticed on account of the progress made towards its extinction. It began with about £10,000,000 taken over from Holland after 1830, and the remainder was principally incurred for the construction of Railways and works of public utility. Belgian Debt.

1. The total created has been..	£38,900,000	Capital.
By the Sinking Fund and surpluses £11,540,000 has been paid off, and it was in 1869	£27,360,000	

Eight millions of the Debt, spent upon the State Railways, will be paid off by 1884; when the whole revenues will be available towards the interest on the remainder.

2 and 3. The Annual Charge is steadily diminishing. Annual Charge.

	Annual Charge	Population	Charge per head
	£		*s.* *d.*
1852	1,468,000	4,400,000	6 8
1869	1,040,000	5,000,000	4 2

But the interest of the Debt will, at no distant period, be borne by the Railways and productive property of the State.

DENMARK.

Danish Debt.

The Debt of Denmark dates from the war of the French Revolution, when the great financial difficulties were met by the issue of paper.

Capital.

In 1821 a loan was contracted to redeem part of this currency, amounting, with a former debt of £1,150,000, to £4,150,000

Annual deficits in succeeding years, and £4,000,000 borrowed for the cost of the Schleswig-Holstein War, as well as loans for the establishment of Railways, increased its amount in 1866 to .. 14,860,000

It was in 1869 13,240,000

Being a reduction in three years of per year 600,000

The Annual charge is now	£817,000	Annual Charge.
Being per head on the population of 1,780,000	9*s.*	

SWITZERLAND.

The Debt of the Republic is very small, amounting in 1869 to £612,000, against which there was a "federal fortune," or property belonging to the State, of £876,000. The Debts of the Cantons amount together to £5,280,000. The total annual charge per head appears to be under 2*s.* 4*d.* Swiss Debt.

IV.

France, Italy, Spain, &c.

Latin States.

Very different is the history of the Debts of the Latin nations inhabiting France and the two great Southern Peninsulas, and the Spanish and Portuguese colonies of South America. Their people are careful and frugal, but their rulers are too often reckless and spendthrift, prone to overspend their income in time of peace and still more largely in time of war; trusting to sinking funds rather than to economy and surpluses; and sometimes unable to pay even the interest. Perhaps their tendency to arbitrary and therefore irresponsible government has much to do with the succession of deficits.

FRANCE.

French Debt.

The Public Debt of France has always been involved in obscurity. "There is not a single man in France," said a high official in the Ministry of Finance, "who can tell the exact state of the National Debt. *Pas un seul.*" In early times its

amount was constantly changing through forced reductions and consolidations, and in later days it has always been buried in complicated and inaccessible accounts, with no Parliamentary returns to place the figures before the nation. The mode of statement also varies from that of England, being ordinarily in *Rentes*, or annual interest, and it is more difficult to obtain the equivalent amounts of capital, which are necessary for comparison. The information obtained has been from two principal sources, the "Compendium of Finance," by Mr. Bernard Cohen, for the amounts in the 18th century; and the kind investigations of M. Maurice Block, for the figures from 1798 to June, 1870.

	£	
1. The debt of France can be traced back to rentes created by Charles V in 1375, and was increased by Francis I for his ransom. It was largely developed by Louis XIV, and at his death in 1715 amounted to a capital of	124,000,000	Capital of Debt. Cohen, pp. 1–4.
It was arbitrarily reduced by the Regent, in 1716, to	80,000,000	
After that time it fluctuated by many reductions and increases under the two subsequent Kings till the Revolution.		

		£
	The *Revolution* created and destroyed a temporary debt of no less than £1,823,000,000 of assignats, and £96,000,000 of mandats, and raised the Funded Debt to	96,000,000
M. Block.	This amount was compulsorily reduced to one-third—(the stock was thence called the Tiers Consolidès) —and stood in 1793 at	32,000,000
	The *First Empire* increased its amount far less than might have been expected—thanks to the contributions levied on other nations,—and left it (including a floating debt of £20,000,000) at rather more than double, or	70,645,000
Cohen, p. 6.	The *Bourbons* were compelled to borrow for the deficits and the £55,000,000 levied on France for War Contributions and the Army of Occupation, and also for indemnities for the dispossessed proprietors; and the first three years of their reign again doubled its	
M. Block.	amount, leaving it in 1830 ..	141,770,000
	The *Orleans'* reign added about £40,000,000, of which thirty millions were required to meet the deficits of the first four years after	

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	£
the Revolution, leaving the Debt in February, 1848	182,000,000
The *Republic* added to the capital a net amount of £63,000,000 by loans and consolidations, and an indemnity for emancipation of slaves, raising it to	245,250,000
The *Second Empire*, by continued deficits, and the Crimean, Italian, Chinese, Cochin China, Mexican, and German Wars, a third time doubled the capital, and left its amount in December, 1870, including the loan in the previous July of £30,000,000 cash or £50,000,000 nominal capital	550,000,000

All these amounts since 1798 carefully exclude the Sinking Fund (which has been erroneously included by almost every writer), but include the Caution Money and Floating Debt.

Annual Rate of Increase.

The continual increase of the debt, and its immense acceleration under the Second Empire, are remarkable.

AVERAGE ANNUAL INCREASE.

	£
First Empire—to 1815	2,500,000
Bourbons—1815 to 1830 (nearly) ..	5,000,000
House of Orleans—1831 to 1848 ..	2,300,000
Republic—1848 to 1852	14,000,000
Second Empire—1853 to 1870	18,500,000

Nothing can be more deplorable than such an inveterate and increasing habit of over-expenditure. The Second Empire overspent and borrowed during its existence of eighteen years—of which the greater portion were years of peace—a larger average per year than England borrowed during each of the two years of the Crimean War; and these deficits amounted to a total of more than £300,000,000.

Annual Charge.

2 and 3. The increase in the Annual Charge is shown in the following Table, which gives the *Rentes* only for 1798 and 1814, and adds the Interest of the Floating Debt after those years; but excludes the Pensions, as not part of the Debt.

ANNUAL CHARGE.

A.D.	Rente and Interest	Population	Charge per Head
	£		s. d.
1798	1,608,000	27,000,000	1 2
1814	2,530,000	30,000,000	1 8
1818	7,000,000	30,500,000	4 7
1830	6,580,000	32,500,000	4 0
1848 March 1	7,070,000	35,700,000	3 11
1852	10,130,000	36,000,000	5 7
1870	16,600,000	38,000,000	8 8

If we add the Railway guarantees and the bridge and canal fund, amounting together to £2,000,000 a-year, the total Annual

Charge is £18,600,000
And the Charge per head .. .. 9*s.* 9*d.*

Such was the state of the French Debt at the end of 1870, before the loan of January, 1871, or any borrowing for the consequences of the war.

National Income of France, 1818.

4. Some calculations about the National Income of France may be interesting. From 1815 to 1820 there can be little doubt that it was small in comparison with that of England, although the population was thirty millions against eighteen in England. Manufactures and trade had been destroyed, and agriculture was in the most deplorable condition, while those of England had been raised to the highest development. An estimate for 1818 of £20,000,000, or rather less than two-thirds of the income of the United Kingdom, is probably more than the actual amount.

Income in 1837.

In 1837, after seventeen years of growing prosperity, a semi-official estimate was published of the Agriculture and Manufactures of the nation, which, with the addition of the estimates in italics for the omitted items gives the following:—

PROBABLE INCOME OF FRANCE, 1837.

	£
Agriculture	180,000,000
Manufactures	56,000,000
Minerals	4,000,000
Handicrafts	*60,000,000*
Professions, Commerce, &c.	*60,000,000*
Total	£360,000,000

Income in 1868.

Soon after 1837 the great development began of French industry and commerce by the construction of Railways; and was immensely stimulated after 1852 by the financial system of the Emperor Napoleon. Manufactures increased very largely, and the smaller and more tasteful articles for which France is celebrated became a great source of national wealth. M. Block, in his work on "Europe," has estimated the income of France in 1868:—

M. Block, Europe, pp. 90 and 316.

M. BLOCK'S ESTIMATE OF INCOME OF FRANCE, 1868.

	£
Agriculture	308,000,000
Manufactures .. .. .. (grande industrie)	240,000,000
Handicrafts .. .. .. (petite industrie)	240,000,000
Professions, Commerce, &c. ..	120,000,000
	£908,000,000

Joanne's Dictionnaire de la France, Introduction, p. 172.

The more usual estimate of French income is that given by M.M. Elisée and Elie Reclus, in a well known article on the Finances of France, as twelve milliards, or £800,000,000.

Reasons supporting the latter Estimate.

I should incline to this lower calculation as the safer taxable basis, and more nearly corresponding to the deductions and moderate computations of English income. It shows a wonderful increase in 1870 over 1837; and nearly as large an income in 1870 as that of the United Kingdom. France has a population more numerous by seven millions (equal at £21 per head to £147,000,000 a-year), but a lower scale of earnings and prices, a less productive condition of agriculture, and less capital, trade and manufactures than England, so that this appears a probable estimate. The taxation of the two countries is nearly equal, being about £72,000,000 each of general revenue, besides local taxation; but it is borne more easily in England, and could be more readily increased, thus affording another indication of comparative resources. Putting the three years together, we have this table :—

PROPORTION OF ANNUAL CHARGE TO INCOME.

A.D.	Annual Charge	Estimated Income	Per Centage
	£	£	
1818	7,000,000	200,000,000	3·5
1837	7,900,000	360,000,000	2·3
1870 With Railway Guarantee	18,600,000	800,000,000	2·3

Conclusions.

I give these estimates under "all reserves," as the French say; as affording an approximate idea of the immense progress of the French nation before the Prussian War. They seem to shew that even the extravagance of the Second Empire has not imposed a heavier burden on the resources of the country than existed in 1837, and that the burden of the Debt in 1870 was much less than in 1818.

Local Debts.

But in addition to the State Debt there are heavy local debts. That of Paris pays more than £850,000 a-year interest, a larger amount than any of the minor States of Europe—except Holland; and is an annual charge of 9*s.* on every Parisian. Similar though smaller debts, exist in all the large towns. In 1867 their aggregate amount was £16,500,000.

Results of the Prussian War.

The Prussian war has changed the face of affairs. Instead of a debt of £550,000,000, and an annual charge of £18,600,000, France, if she fulfils her engagements and succeeds in raising the sums that are necessary for her foreign and home liabilities, will have a debt of 1,000 to £1,100,000,000, and an annual charge of something like £40,000,000. On the other hand, her national income will require some years to regain its former amount of £800,000,000, after the temporary destruction of trade and manufactures by the war, and the permanent loss of the manu-

facturing district of Alsace and part of Lorraine, with 1,600,000 inhabitants, reducing the population of France to 36,500,000. When the standard of 1870 is regained, the Debt-tax will be about five per cent. on the national income, or double that of England in 1870, though less than the burden of England so lately as 1843.

Sinking Fund in the Railways.

But, in considering the National Debt of France, we must not forget that by the terms of the concessions of her Railways the State will in the middle of the next century become the unencumbered owner of all the railways now existing in her territory—a property which before the Prussian war was worth more than £300,000,000.

ITALY.

Italian Debt. Wealth of Nations, V. 3.

The Italian Republics, Adam Smith tells us, were the inventors of the funding system, and from them it spread over Europe. They injured themselves by its adoption, and Genoa and Venice, who in the middle of the eighteenth century were their last survivors, were sensibly enfeebled by it. The kingdom of Naples, in the first part of the present century, was a large borrower in proportion to her means, and latterly had a debt of about £25,000,000. The kingdom of Sardinia, before its era of annexation was very economical, and in 1847 had a Debt of only

	£
..	5,000,000

	£
The troubles of 1848 and the wars with Austria and Russia increased the Debt by 1858 to	40,000,000
On the constitution of the Kingdom of Italy in 1861 the consolidated Italian Debt, including more than £25,000,000 for that of Naples ..	84,000,000
In 1869 it was, including the Floating Debt	285,000,000

Hence the Debt of Italy has increased more rapidly than that of any European State.

Annual Increase.

The Annual Increase from 1861 to 1869, through the continual deficits, has been	22,000,000

The Annual Charge shews a corresponding increase.

ANNUAL CHARGE.

A.D.	Annual Charge	Population	Charge per Head
	£		*s.* *d.*
1847, Sardinia ..	250,000	5,000,000	1 0
1861, Italy ..	4,500,000	22,000,000	4 1
1869	14,000,000	25,000,000	11 2
With Railway Guarantees	18,000,000		14 0

This is the heaviest burden per head of any State in Europe, except England ; and presses far more heavily than in England upon the resources of the Kingdom.

Resources.

The data for calculation are not sufficient to give any trustworthy estimate of National Income, since M. Block tells us that the taxes are levied on a valuation of only £35,000,000 for all Italy except Venetia. But there seems no doubt that the Italians are the poorest of all the European nations ; and the most heavily burdened with taxation.

SPAIN.

Spanish Debt.

Cohen, p. 94.

The National Debt of Spain is involved in great uncertainty, from the conflicting statements that have been promulgated. It was introduced from Italy, and Spain was deeply in debt in the 16th century, a hundred years before England began borrowing. Philip the Vth, in 1745, left debts to the amount of £9,000,000 sterling. His son, Ferdinand VI, assembled a Junta, composed of Bishops, Ministers, and Lawyers, and required them to pronounce "Whether a king was obliged to discharge the debts of his predecessor?" The question was determined by a majority in the negative—the King's conscience was quieted—and a bankruptcy resolved on. Spain, like other countries, has since frequently followed this royal

precedent. The succeeding kings contracted large debts by Royal Notes, called *vales*, which were often greatly depreciated.

Capital.

In 1820 a commission was appointed which reported the amount of the National Debt to be .. .. £ 140,000,000

A second Junta, in 1822, declared the first exaggerated, and the real amount to be 52,000,000

In 1851 Spain passed the celebrated measure dividing the debt into an *Active* or interest bearing debt of £57,500,000, and a *Passive* debt of £52,000,000, which bore no interest, but was to be gradually redeemed; the whole with the Floating Debt being 113,000,000

Fenn on the Funds.

Statistical Tables.

In 1861 it was 145,300,000

In September, 1870 it was .. 237,400,000

The rate of increase appears to be—

AVERAGE ANNUAL INCREASE.

	£
1851 to 1861..	3,000,000
1861 to 1870..	9,000,000

Of this capital, £10,400,000 represents subventions to Railways, roads, and public works.

Annual Charge.

The Annual Charge is .. . £6,735,000

Being on the population of seventeen millions .. .. 8*s.* per head.

PORTUGAL.

The Debt of Portugal arises from a succession of deficits, without any excuse of war. Portuguese Debt.

	£	
In 1796 it was	900,000	Capital. Martin's Year Book, p. 349.
The first considerable addition was made in 1826, and other loans succeeded in 1835, and between that year and 1854 when it stood at ..	20,700,000	
From that time it increased annually to October 1869, when a loan of £12,000,000 issued at £32 10*s.* for each £100 3 per cent. stock raised it to	59,300,000	
The Annual Charge increased in equal proportion, and is now ..	1,800,000	Annual Charge.
Being on a population of four millions	9*s.* per head	

SOUTH AMERICA AND MEXICO.

The immense Empire of Brazil, the former colony of Portugal, half as large again as the whole of Europe, has a population of only twelve millions and a Debt of £42,000,000. Brazil.

The South Eastern States, the Argentine Confederation, and Paraguay and Uruguay, on the Rio Plata and its continuation the Parana, formerly Spanish Colonies, have populations of 1,740,000, 1,340,000, and 470,000; with Debts of £14,760,000, £5,000,000, and £10,000,000. Argentine Confederation, Paraguay and Uruguay.

Peru, Chili, Bolivia, Ecuador.

The Western States, on the narrow coast strip of territory between the Andes and the Pacific and on the eastern slopes of those mountains, also revolted colonies of Spain, are Peru with three million inhabitants and a debt of £20,400,000; Chili, with seventeen hundred thousand inhabitants and a debt of £7,300,000; Bolivia, a little behind them both, with two millions and a-half of population and no debt; and Ecuador with thirteen hundred thousand inhabitants and £3,275,000 debt.

Colombia, Venezuela.

At the northern angle of South America are the Republics of Colombia and Venezuela, other old colonies of Spain, with populations of three and two millions, and debts of £10,000,000 and £10,600,000.

Central American States.

There are also the Republics of Costa Rica with 127,000 inhabitants and £620,000 Debt; San Salvador with 750,000 population and £170,000 Debt; Guatemala with 1,200,000 inhabitants and £500,000 Debt, and Nicaragua with 400,000 population and £750,000 Debt.

Mexico.

In the adjoining peninsula of North America is Mexico, with eight millions of population, and a nominal Debt of £63,500,000, for the present practically repudiated.

The Island of Cuba, the only remnant of Spanish Dominion in the western hemisphere, has a population of 1,400,000, and a Debt

of £560,000, with an annual revenue of £6,000,000.

The following is a summary of the American Latin States:—

LATIN AMERICA.

(SOUTH AMERICA, MEXICO, AND CUBA.)

Latin America.

Area (2½ times that of Europe) ..	9,127,000 square miles
Population (one-eighth of that of Europe)	40,000,000 persons
Public Revenues	£30,000,000
National Debts	£212,000,000
Annual charge of the Debts	£12,200,000
Annual charge per head	6*s.* 1*d.*

V.

Austria, Russia, Turkey, &c.

The States of Eastern Europe.

The three great Empires of Eastern Europe have some common characteristics as well as a similar geographical position. All have been, and two are still, despotic and military governments, irresponsible to their subjects, and prone to incur Debt for military purposes as far as their power of borrowing extended. Austria and Russia for a long series of years borrowed by means of an inconvertible currency, and funded their debts as opportunity offered. With them we shall also consider the adjacent and semidependent States of Greece, Roumania, Servia, Egypt and Morocco.

AUSTRIA.

Austrian Debt.

Austria is a country of uninterrupted deficits. From 1789 to the present time there has not been a year in which the revenue of the State has equalled its expenditure.

	£	Capital.
1. In 1763, at the end of the Seven Years' War, the capital of the Debt was	15,000,000	
In 1789 it was	35,000,000	
During the disastrous Wars of the French Revolution and Empire the Debt increased rapidly. Inconvertible bank notes were largely resorted to, with the usual result of increasing depreciation. In 1811 their amount was £106,000,000, and 12 florins of paper money was only worth one of currency. Loans were contracted, on the return of Peace, for their liquidation, and the Debt rose by 1820 to	98,700,000	Cohen, p. 60.
The successive deficits brought it in 1848 to	125,000,000	Martin's Year Book
The Wars with Hungary, Italy, France, and Prussia, and the vast military establishments in the intervals caused an enormous increase, and raised the Debt in 1868 to	301,000,000	

It is now divided between the Cisleithan or Austrian provinces, and the Transleithan or Kingdom of Hungary, in the proportion of three-fourths

to the former and one-fourth to the latter. Besides this proportion, the Transleithan provinces have a separate Debt of £8,400,000, making the total debt in 1868 £309,500,000.

Annual Increase.

The rate of increase is shown in the following Table :—

AVERAGE ANNUAL INCREASE.

	£
1763 to 1789	800,000
1789 to 1820 (French Wars)	2,000,000
1820 to 1848	1,000,000
1849 to 1868	9,000,000

Annual Charge and per head.

2 and 3. The Annual Charge is more difficult to ascertain, but the following table is an approximation :—

ANNUAL CHARGE.

	Annual Charge	Population	Charge per head
	£		s. d.
1815	3,300,000	28,000,000	2 4
1848	5,500,000	37,000,000	3 0
1868	13,120,000	36,000,000	7 3

The diminution of population was from the cession of the Italian provinces.

National Income.

4. Some information about the produce and

income of Austria is contained in an official valuation of agricultural produce in 1866, amounting to nearly £200,000,000; and an estimate by M. Block of the industry of the nation as producing annually £300,000,000. Adding, in italics, an estimate of £100,000,000 for professions and other employments, we have :— M. Block, Europe, pp. 454–5.

ESTIMATED INCOME OF THE AUSTRIAN EMPIRE.

	£
Agriculture	200,000,000
Manufactures and Handicrafts	300,000,000
Professions and other employments	*100,000,000*
	£600,000,000

Since Austria is less developed in commerce and industry than North Germany, and much less so than France, this seems a probable calculation. On this amount the Annual Charge of the Debt is 2·2 per cent.

RUSSIA.

Russia, like Austria, is a country of paper money and continual deficits. But, unlike Austria, it is most difficult to obtain the facts of the debt. The Compendium of Mr. Cohen, and the Statistical Tables relating to foreign countries published by the British Government, are almost the only sources of information. Russian Debt.

1. From 1768 to 1817, the debts of the Government were chiefly met by issues of paper roubles, Capital.

Cohen, p. 24.

which in 1817 amounted to 836,000,000 roubles, representing a nominal value of about £125,000,000, but really less than a third of that sum. There was also a funded debt of £7,000,000 owing in Holland.

Martin's Year Book, 1871.

In 1817 the redemption of the paper money was undertaken, and several loans were contracted for that purpose. From 1832 the deficits of Income under Expenditure became very large, and have been officially stated.

Statistical Tables for foreign countries.

	£
The Debt, including the outstanding paper money, is first stated for 1853, when it is given, perhaps inadequately, at ..	125,000,000
In 1858, after the Crimean War, it was	240,000,000
In 1869, including the Floating Debt, it was	300,000,000

From the want of corresponding accounts it is difficult to obtain accurately the rates of increase, but the following table gives an approximation :—

AVERAGE ANNUAL INCREASE.

Annual Increase.

	£
Deficits, 1832 to 1845	2,500,000
„ 1846 to 1853	7,000,000
„ Crimean War, 1854 to 1856	31,000,000
Increase of Debt, 1857 to 1869	5,000,000

2 and 3. The Annual Charge may be approximately stated thus, including an estimate of £1,500,000 for liabilities on guarantees to opened lines of railway :— Annual Charge.

ANNUAL CHARGE.

	Annual Charge	Population in Europe	Charge per head
	£		*s.* *d.*
1853	6,000,000	60,000,000	2 0
1869	11,500,000 13,000,000 with guarantees	70,000,000	3 3 3 8

4. There is a recent official valuation by M. de Buschen of the annual produce of Russia, which, adding, in italics, £120,000,000 for professions, Government servants, and other employments, is :— National Income.

ESTIMATE OF INCOME OF RUSSIA.

	£
Agriculture	218,000,000
Fisheries and game, nearly	4,000,000
Forests	24,000,000
Mines, nearly	7,000,000
Handicrafts and Manufactures	140,000,000
Professions and other employments	*120,000,000*
	£513,000,000

This is only a small income, £7 per head, on

the European population; and appears a narrow basis on which to rest the taxation of £66,000,000 of the Russian Empire. It may account for the continual deficits. The charge of the Debt is 2·1 per cent. Including Railway guarantees it is 2·5 per cent.

GREECE.

Greece. Greece gained her independence in 1821, and became a Debtor in 1824. Her Debt is now—

Martin's Year Book.

	£
Funded Debt	12,000,000
Floating Debt	6,000,000
	£18,000,000

The Annual Charge of a small portion is paid by Greece; that of a loan of £2,344,000 is paid by England, France, and Russia, its guarantors; and that of the remainder is paid by nobody.

ROUMANIA AND SERVIA.

Roumania. Roumania was formed by the union of the principalities of Wallachia and Moldavia into a semi-independent State in 1861. Its Debt is £4,325,000, and population four millions.

Servia. Servia became a semi-independent State in 1856, and is the only European State without a Debt.

TURKEY.

The Ottoman Government was received into the European family of National Debtors in 1854. Previous to that time it had lived, like other Oriental governments, from hand to mouth; contracting debts from time to time with local money lenders at usurious rates of interest; and irregular in its payments. The war with Russia increased these debts very largely, and brought the nation into contact with the lending countries of Europe. From 1850 to the present time, there has been a continual series of deficits, covered by loans in two years out of every three. Ottoman Empire.

1. The first foreign loan was in 1854 for	3,000,000	Capital.
In 1865, after several foreign loans, the Home Debts were consolidated by a further loan of £36,000,000, making the total Debt	71,000,000	Fenn on Funds.
In 1870, after deducting the amounts paid off by Sinking Funds of 2 per cent. attached to nearly every loan, the Debt was about..	92 ~~104~~,000,000	
The average rate of Increase from 1858 to 1870 has been per year..	5,000,000	Increase.
	3	

Annual Charge.

	£
2 and 3. The Annual Charge, at nearly 6 per cent., exclusive of Sinking Funds, is about	5,000,000
Being per head on the population of twenty-five millions	4*s.* 0*d.*

EGYPT.

Egypt. Egypt is a still younger borrower, having commenced foreign loans in 1862.

Capital. There are four classes of debt:—

	£
1. General loans, 1862-68.. ..	21,786,000
2. Khedivè's loans, 1866-67 ..	4,950,000
3. Private domains of Khedivè, 1870	7,144,000
4. Floating debt, about	3,000,000
Total Debt, 1870	£36,880,000

Increase. The Increase has been per year .. 4,000,000

Annual Charge. The Annual Charge is at various rates of interest from 7 to 10 per cent., exclusive of the Sinking Funds, and amounts to 2,580,000

The charge per head on the population of seven millions is.. .. 7*s.* 4*d.*

MOROCCO.

Morocco. Morocco is another Mahommedan State in Africa, and has a small Debt of £440,000, contracted to meet part of the indemnity to Spain in 1862.

VI.

The Progress of Indebtedness.

Such is a brief account of the separate Debts and burdens of the civilized nations of the world. Let us now review their aggregate amounts and progress, in successive historic periods; first examining the increase of their capitals.

Rise of National Debts.

Most of the European States were in the habit, from very remote antiquity, of anticipating their revenues by temporary loans to meet emergencies; borrowing for short terms and at a usurious rate of interest from merchants or money lenders, much in the same way as Oriental nations at the present day. The Italian Republics were the first to reduce the practice to a system, and to contract permanent debts. Their example was followed by their nearest connections and invaders; the Spaniards and French. From Spain the custom was adopted by her rebellious subjects, the Dutch, who achieved by its aid independence and political power, and introduced it after 1688 into England.

The first distinct account that can be made up is about the year 1715.

Seventeenth Century and to A.D. 1715.

NATIONAL DEBTS IN 1715.

	£
France	124,000,000
Holland (about)	90,000,000
England	36,000,000
Spain, Italian Republics, and other States ..	50,000,000
Total	£300,000,000

These debts pressed so heavily upon the first three nations that France became bankrupt in the next year; Holland fell into decay from excessive taxation on her small population; and English patriots predicted the ruin of their country.

Eighteenth Century to 1793.

During the next eighty years borrowing increased and spread, with the increase of capital and credit, to meet war expenses. England, as the most commercial nation, and the successor to the naval and financial supremacy of the Dutch, was the largest and most frequent borrower, especially during the costly struggle with her colonies in America. In 1793,—on the breaking out of the French Revolutionary War, and just after a third bankruptcy by France,—the most reliable figures that can be procured show that the Debts of the world had doubled.

NATIONAL DEBTS, 1793.

	£	£
Great Britain (with value of Annuities) ..		280,000,000
Continent of Europe—		
Holland	100,000,000	
Austria	35,000,000	
France	32,000,000	
Russia	17,000,000	
Russia and German States ..	10,000,000	
Spain	8,000,000	
Portugal	900,000	
		202,900,000
United States		15,000,000
British India		8,000,000
Total		£505,900,000

French Revolution and Empire to 1815.

The long War that followed was carried on by the Continental nations without much recourse to credit. France made war support war by unsparing contributions, and added to her debt little more than an average of two millions a-year. Austria, Russia, Prussia, Spain, and Denmark supplied their necessities by the issue of paper currency that brought its usual result of depreciation, and was gradually funded at the close of the war. England by her trade and manufactures largely increased her pecuniary resources during the war, and supplied not only her own but a considerable portion of her allies' expenditure by her borrowing. She was at once the manufacturer, the merchant, and the subsidizer of half Europe; and made efforts that, in proportion to her then means and population, were as great as those of

the United States in their recent Civil War. On the conclusion of Peace the war bills took some years to settle in most of the European countries, but the highest amounts of the debts between 1815 and 1820, according to the most reliable figures, are shown in the following table :—

National Debts, 1815–1820.	£	£
United Kingdom		902,000,000
Continent of Europe—	£	
Holland	144,000,000	
France	140,000,000	
Austria	98,700,000	
Prussia and German States	53,000,000	
Spain	52,000,000	
Russia	50,000,000	
Naples	20,000,000	
Portugal	8,000,000	
Denmark	4,300,000	
		570,000,000
United States		26,000,000
Latin America		3,000,000
British India		29,000,000
Total		£1,530,000,000

Hence in twenty years of war the Debts had trebled, adding a thousand millions to the previous indebtedness, two-thirds of which had been incurred by England. The position of England is very remarkable, with £900,000,000 of debt against £630,000,000 owing by the rest of the world.

The period from 1820 to 1848 was one of peace, only interrupted by the French Revolution of 1830, and wars in Belgium and Spain, increasing the debts of the three countries affected. The list in 1848 is very similar to the last, but is worthy of notice on account of its contrast to the one that will follow. The Restoration and Peace to 1848.

NATIONAL DEBTS, 1848.

	£	£
United Kingdom..		820,000,000
Continent of Europe:—		
France	182,000,000	
Austria	125,000,000	
Spain	113,000,000	
Russia	100,000,000	
Holland	100,000,000	
Prussia and German States	40,000,000	
Italian States	30,000,000	
Belgium	17,500,000	
Portugal	17,000,000	
Denmark	11,500,000	
Greece (about)	10,000,000	
Sweden and Norway ..	600,000	
		746,600,000
America:—		
United States and State Debts	47,800,000	
British Colonies	6,600,000	
Latin America	60,000,000	
		114,400,000
British India		50,000,000
Total		£1,731,000,000

In this table the aggregate of these Debts is very little larger than in 1815–20, though England has less than half the total Debt, instead of £270,000,000 more than all the other nations. Our wonder in 1870 is that so lately as 1848 England owed nearly a half of the total debts of the world.

The Revolution of 1848 and Second French Empire to 1870.

The French Revolution of 1848 introduced a new era, in which National Debts increased in geometrical progression. France herself was thrown into monetary embarrassment that augmented her debt by very large deficits. Germany and Austria had rebellion in every capital. Italy and Rome were equally insurgent, and wars broke out in Hungary, Lombardy, and Schleswig-Holstein. When the people were subdued, the Imperial regime commenced with gigantic armaments of all the European Powers, followed by the Crimean, the Italian, and the Danish Wars, the Indian Wars and Mutiny, the South American Wars, the American Civil War, the Austro-Prussian, and the Franco-Prussian War that is just concluding. But the extension of the borrowing system was equally due to three other causes, the more perfect organization of credit and financial combinations inaugurated in France under the Imperial rule; the increased facilities of intercourse by railways and telegraphs, and the rapid development of commerce and national

resources. The result appears in the following table, which is summarized from the detailed Tables in the Appendix :—

NATIONAL DEBTS, 1869–70.

	£	£	See Appendix.
United Kingdom		800,000,000	
Continent of Europe :—			
France	550,000,000		
Austria	310,000,000		
Russia	300,000,000		
Italy	285,500,000		
Spain	237,400,000		
German Empire	160,800,000		
Turkey	104,000,000		
Holland	80,640,000		
Portugal	59,335,000		
Belgium	27,360,000		
Smaller States	50,395,000		
		2,165,430,000	
America :—			
United States and State Debts	532,400,000		
British Colonies	20,920,000		
Latin America	212,000,000		
		765,320,000	
Asia :—			
British India	103,000,000		
Japan, Ceylon, Hong-kong	1,716,000		
		104,716,000	
Australasia		35,744,000	
Africa (Egypt, Morocco, &c.)		39,655,000	
Total		£3,911,000,000	

The increase is enormous, being

for the 21½ years	£2,218,000,000
or per year	£103,000,000

The Continental States have trebled their debt; America has multiplied hers by ten; India has doubled hers; while Australasia and Africa have begun new debts of thirty-five and thirty-nine millions.

England shows a small actual decrease of her debt, but a wonderful diminution of its proportionate magnitude. Instead of being greater by a half than the total debts of the rest of the world, as in 1815, or equal to them as in 1848, the Debt of England was little more than a fifth of their vast aggregate in 1870.

France increased her debt during these twenty-two years by £370,000,000; Austria by £185,000,000; Russia by £200,000,000; Italy by £250,000,000; Spain by £114,000,000; the new German Empire by £120,000,000; Turkey by £100,000,000; Latin America by £150,000,000; and the United States up to 1865 by £567,000,000. These amounts, and the Table and Appendix, only include £65,000,000 borrowed for the Franco-Prussian War to the end of the year; and omit more than £100,000,000 borrowed by other nations during 1870, but not yet appearing in their official accounts.

Future Progress of Borrowing.

The borrowing process goes on continually, even independently of the demands occasioned by great wars, and, judging by the past, we should look for a steady and rapid increase of the gigantic Debt of the world. Yet the late events have produced a change that may exercise an opposing influence. For the last twenty-two years the leading Continental Nation, that set the fashion in finance and armaments, as well as in less important matters, has been the greatest borrower; and her example had a great effect upon neighbouring budgets. Now, the leading nations will be economical and paying-off nations; and their neighbours may see the necessity of following the more salutary example. But for the next few years the increase will be very great, on account of the augmentation of the French Debt; and, for the first time since 1760, England will be exceeded by another country in the magnitude of her National Debt.

Summary of Increase.

It is sad to see the universality and enormous amount of national borrowing. Out of fifty-two civilized States and considerable Colonies in the world, only three small States are actually free from debt; Servia in Europe; Bolivia in America; and Liberia in Africa; and one other State, the most powerful of all, the Empire of Germany, is, or will soon be practically relieved from debt. The last quarter of a century has been unprece-

dentedly prolific in national wealth, but nations have been equally active in mortgaging the increase of their resources. The following table recapitulates the growth of the last 150 years.

NATIONAL DEBTS OF THE WORLD.

A.D.	Period.	£
1714	.. .. ..	300,000,000
1793	Chiefly Peace	506,000,000
1815-20	War	1,530,000,000
1848	Peace	1,730,000,000
1870	Armaments and some Wars	3,910,000,000

But the increase will be more clearly shewn in the following table :—

INCREASE OF DEBTS OF THE WORLD.

A.D.	Total Increase.	Increase per year.
	£	£
1715 to 1792	206,000,000	2,640,000
1793 to 1818	1,024,000,000	40,000,000
1819 to 1848	200,000,000	6,600,000
1849 to 1870	2,180,000,000	100,140,000

Loans for Works of

How much of this total has been expended on

Railways, Canals, and other works of public utility ? The information is imperfect, but the following are the approximate figures of the items :— Public Utility.

USEFUL EXPENDITURE.

Capital—	£
Germany	68,300,000
United States (Federal and State Debts) ..	50,000,000
Australasia	23,000,000
Belgium	20,000,000
Spain	10,400,000
Sweden	6,000,000
Denmark	5,000,000
	182,700,000

Annual Guarantees—	£	
France	2,000,000	
Italy	4,000,000	
Russia	1,500,000	
India	1,600,000	
	9,500,000	
Equal to a Capital of ..	.. ..	200,000,000
Total ..	.. ..	£382,700,000

Adding £120,000,000 for unrecorded expenditure or guarantees on productive works, the total productive loans appear to be about £500,000,000. As the National Debts, with the capitalised value of the guarantees, exceed £4,100,000,000, it follows that only 12 per cent., or one-eighth, of this vast total, has been raised for productive purposes; while £3,600,000,000, or eighty-eight per cent. of the aggregate Debts of the world, have been spent on war and unproductive purposes.

VII.

Comparative Annual Burdens.

The comparative burdens of the indebted countries and the effect of the increasing Debts of the Continental States are in an exaggerated form shewn by the annual charges per head of the different nations at the three principal periods of the present century. At the end of the long war with France the known amounts were as follows :—

Annual Charge per head, 1815–20.

Annual Charge per Head, 1815–20.

			s.	d.
United Kingdom			34	8
Continent of Europe :—				
France	4	7		
Austria	2	4		
Prussia and German States	1	8		
Average			2	10
United States			1	10

The excessive burden on British industry is sufficiently evident; the charge per head being

twelve times greater than the average of the three principal countries of Europe; and, taking them singly, seven and a-half times larger than that of France, fifteen times larger than that of Austria, and twenty-one times larger than that of Prussia and the other German States.

Annual Charge per head, 1848

At the outbreak of the Revolutions of 1848 the account had become considerably better for England, but was still very disadvantageous.

ANNUAL CHARGES PER HEAD, 1848.

			s.	*d.*
United Kingdom			20	2
Continent of Europe :—				
Holland	19	6		
Belgium	6	8		
Spain	4	0		
France	3	11		
Austria	3	0		
Russia	2	0		
Italian States	2	0		
Prussia and German States	1	1		
Average			3	2
United States (with State Debts)			2	7

Hence the English charge per head had diminished from twelve times to *six times* as great as the average of Continental Nations; and, taking them singly, was five times larger than the charge per head of France, six and a-half times larger

than that of Austria, and eighteen times larger than that of Prussia and Germany.

Annual Charges in 1869–70.

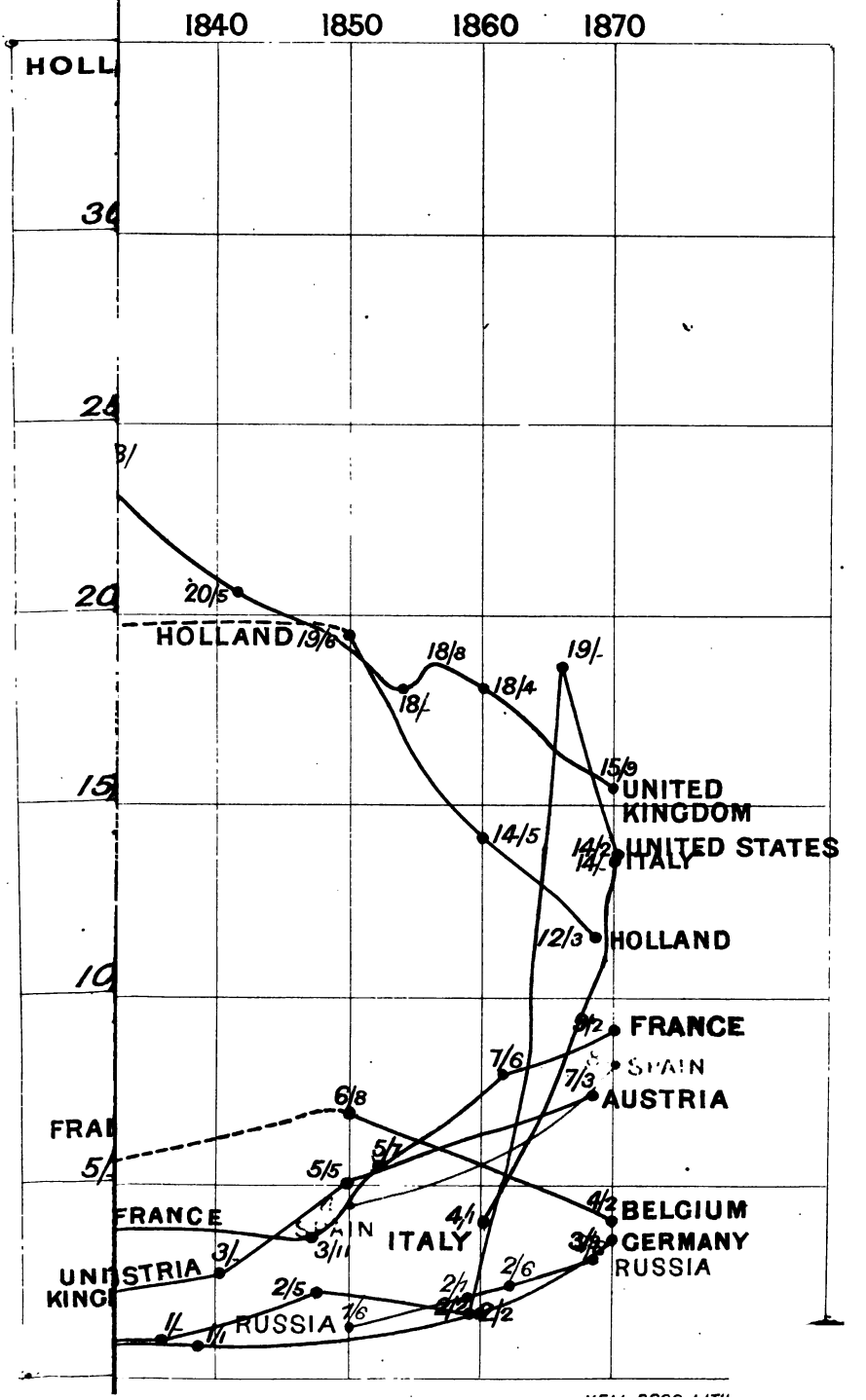
At the close of the Second French Empire in 1870, the effect of its example on the Continental States, and the change in the Debt-position of England is very apparent.

ANNUAL CHARGE PER HEAD, 1869–70.

			s.	*d.*
Australasia			21	6
United Kingdom			15	9
Continent of Europe:—				
	Italy (with Railway Guarantees)	14 0		
	Holland	12 1		
	France (with Railway Guarantees)	9 9		
	Portugal and Denmark	9 0		
	Spain	8 0		
	Austria	7 3		
	Turkey	4 6		
	Belgium	4 2		
	German Empire (nominally)	3 9		
	Russia (with Railway Guarantees)	3 8		
	Switzerland	2 4		
	Average		6	2
United States (with State Debts)			14	2
Latin America			6	1
Canada			4	6
Egypt			7	4

Here the charge per head of England has

I.


1840
1850
1860
1870
HOLL
30
20
15
10
5
HOLLAND
20/5
19/6
18/8
18/4
18/-
19/-
15/9
UNITED KINGDOM
14/5
14/2
14/-
UNITED STATES
ITALY
12/3
HOLLAND
FRANCE
7/6
7/3
SPAIN
AUSTRIA
6/8
5/7
5/5
FRANCE
3/11
ITALY
4/1
4/2
BELGIUM
3/-
GERMANY
2/6
RUSSIA
2/5
2/1
1/6
RUSSIA

decreased from six times as great to *two and a-half times* as great as the average of Continental States; and from *eight times* as great as the burden of the United States to very little more than *equality.* Taking the Continental States singly the charge per head of England was, in 1870, one and a-half times larger than that of France, twice as large as that of Austria, and four times that of the German Empire. This change is caused by the decrease of the English charge since 1815 from 34*s.* 8*d.* to 15*s.* 9*d.*, and the larger increase of the Continental charges.

Error in Comparison per head.

But these comparative results, though obtained by a recognised and usual method of measuring National Debts, convey an exaggerated and therefore to a considerable extent fallacious idea of the comparative burdens of the different nations; because they take no account of the comparative wealth of the several countries. The real burden on England was never so many times greater than the burden on France as the comparisons per head suggest, because England was at those periods very much richer than France. The burden on England is not at this moment five times greater than the burden on Russia, as the figures per head would indicate, because England is per head so many times richer than Russia.

Comparison of percentage on Income.

The only correct method of comparing the burdens on different nations is by a comparison

of percentages on their incomes, and although estimates of income may be approximations rather than accurate calculations, they afford a much truer estimate of the burdens of Debts or taxation than calculations founded upon population, in which considerations of relative income are entirely left out. On this account I have endeavoured, throughout this essay, to give the most reliable estimates of National Income, although they can only be approximations to the truth.

Income per Head must be considered with Charge per Head.

To make the Charges per head of the preceding tables represent correctly the burdens of their several nations, they require to be supplemented by the average Income per head of the populations. Every one allows in discussion that we must take into account the resources of the different countries. But how can their resources be ascertained? The figures in the preceding chapters may help us to an approximation.

Debt Burdens, 1815–20.

For the period 1815–20, we find for the United Kingdom that the population and estimated income (given at pages 13 and 18) show an average estimated income per head of £19, on which the charge per head of 34*s.* 8*d.* is 9 per cent. Similarly for France, the tables given on pages 52 and 55 show for 1818 an average estimated income per head of £6 10*s.*, on which the charge per head of 4*s.* 7*d.* is 3·5 per cent. For Austria and Germany there are no similar data, but as the standards of

earnings and prices and living were very much alike in the central nations of the Continent, and all had been exposed to the same long destructive wars, we may assume as an approximation the same average income per head for the German countries as that of France. This gives the following approximate table :—

BURDENS OF NATIONAL DEBTS, 1815–20.

Nation.	Estimated Income per Head	Annual Debt Charge per Head	Percentage of Debt Charge to Income
	£ *s.*	*s.* *d.*	
United Kingdom ..	19 0	34 8	9·
France	6 10	4 7	3·5
Austria	6 10	2 4	1·8
Prussia and German States	6 10	1 8	1·3

So that on these estimates of National income the burden of the English Debt upon income in 1815–20 was two and a-half times that of France; five times that of Austria, and seven times that of Prussia; instead of being, like the Charge per head, seven and a-half, fifteen, and twenty-one times the charges in those Countries. The figures indicate that, at the close of the French War, the

average income of an Englishman, in consequence of English manufactures, commerce, and high prices, was three times as great as that of an average Frenchman or German.

Debt Burdens, 1837-43.

For the period 1837–43 we find, from comparison of the figures of population and national income in the same tables, that the average income per head in England was estimated at £18 10*s.*, and that in France at £10 5*s.* For Austria and Germany we are again obliged to deduce the figures from those of France. The tables of 1868–70 indicate that in those years the income per head of Prussia and Germany was less by one-tenth than that of France, and that Austria was one-tenth behind Prussia and Germany. The same proportions for 1837–43 give the German income per head as £9, and the Austrian as £8, in comparison with the French £10 per head. If Prussia alone were taken, without the South German States, her income per head ought not to be estimated so high, since Prussia is a poorer country than South Germany. The above figures furnish the following table :—

BURDENS OF NATIONAL DEBTS, 1837–43.

Nation.	Estimated Income per Head.	Annual Debt Charge per Head.	Percentage of Debt Charge to Income.
	£ s.	s. d.	
United Kingdom ..	18 10	20 2	5·5
France	10 5	3 11	2·3
Austria	8 0	3 0	2·2
Prussia and Germany	9 0	1 1	·6

Here the burden of the English Debt is scarcely two and a-half times larger than those of France and Austria, and nine times as large as that of Prussia and Germany, instead of being, like the charge per head, five, six and a-half, and eighteen times as large. It should be remarked that, according to these estimates, the English income per head was rather smaller in 1843 than in 1815, on account of the long period of depression and distress, and the previous high standard; but that the Continental incomes had recovered since the war about 50 per cent.; and were then on the average one-half instead of one-third of the average English income.

Debt Burdens, 1868–70.

For the period 1868–70 we have in the preceding chapters independent estimates of the

See above, pp. 17, 36, 41, 54, 66, 69.

National income of each of the above Powers, and also of Russia and the United States, from the best statistical and official authorities; and working out from the populations the incomes per head, we have the following table:—

BURDENS OF NATIONAL DEBTS, 1868-70.

Nation.	Estimated Income per Head.	Annual Debt Charge per Head.	Percentage of Debt Charge on Income.
	£ s.	s. d.	
United Kingdom	28 0	15 9	2·8
United States .. .. (with State Debts)	26 0	14 2	2·7
Russia .. .. .. (with Railway guarantees)	7 6	3 8	2·5
France .. .. .. (with Railway guarantees)	21 0	9 9	2·3
Austria	16 15	7 3	2·2
German Empire	19 0	3 9	1·0

The table shows how nearly equal the burdens had become of the debts of England, the United States, Russia, France, and Austria, and that these burdens were about two and a-half times as large as that of the German Empire. It also shews

what immense strides have been made by the incomes of all the countries except Russia, in consequence of Railways and freer Commerce. England seems to have risen since 1843 from £18 10*s.* to £28 per head; France from £10 5*s.* to £21; Germany from £9 to £19; and Austria from £8 to £16 15*s.*; while Russia appears to be at the pecuniary level of the rest of the Continent in 1815.

The advance on the Continent from lower to higher incomes and prices has of course been far more rapid than in England, where the standard was so high in 1815, the advance being since 1837 100 per cent. on the Continent against 46 per cent. in England; and, since 1815, 300 per cent. on the Continent against 40 per cent. in England. The long prosperity and monopoly of manufactures and commerce during the twenty-two years of the French war, had given Great Britain a great superiority of wealth and higher prices over the devastated and impoverished nations of the Continent, which was sure to be largely diminished on their recovery.

Such are the inferences respecting the true burden of the Debts to be drawn from the estimates and facts respecting national incomes that have been collected in the preceding pages from the best available sources. I give them as approximations, and indications, and not as verified statistics;

but still as throwing valuable light on the history of National Debts, and their comparative pressure, and the policy that ought to be adopted respecting them.

VIII.

The Growth of Nations.

National Debts were the invention of Commercial Republics, whose principal citizens were wealthy and patriotic, and willing to lend to the State of which they were eminent members. By this means those small communities were able to hold their ground against the larger but less wealthy nations by which they were surrounded. The United Provinces of Holland, the bravest and richest of all these Republics, were enabled by borrowing to conquer their independence from Spain, to resist the encroachments of France, and to carry on naval wars with England, and to rank as a first-rate Power in Europe. But after 1715 this contest of the smaller against the greater States came to an end by exhaustion. If the small community was not conquered and absorbed, it lost its commercial pre-eminence and resources through excessive taxation, and was weighed

First Period of National Debts.

down by the Debt and the competition of less burdened traders.

Second Period.

With the eighteenth century commenced a second period of National Debts, in which new nations began to take the places of some of the old, and the rivalship has lain between four or five States, who have steadily increased their population and resources as well as their debts up to the present time. This increase of resources has been very great, and ought to be taken into account in considering the magnitude of the obligations, and in judging whether a State is crippling or emancipating itself from National Debt. But it has been difficult to form any idea how great the increase has been, or how far the different nations are advancing or retrograding in comparative strength and burdens.

Probable Estimates of Resources.

I shall endeavour in the following pages to construct from such indications as can be discovered a sketch of the progress in population and resources since the year 1700 of the five principal nations of the modern world. As regards Population, our information is tolerably complete and authentic, and the figures that will be quoted possess of themselves, without any additions respecting wealth or income, great interest and importance. As regards Resources, I must, as in the last chapter, step out of the path of strict statistics, and give the best and most pro-

bable calculations that can be obtained. For England we have contemporary estimates of her national income in the eighteenth century that are worthy of reliance, and estimates founded on the income-tax returns for the present century. From them we can obtain the English income per head at each period, which we know was much higher in the eighteenth century, as it has been since, than those per head of France or Germany. Hence we can determine, within narrow limits of error, the probable incomes per head and therefore the approximate total incomes of those countries. In the nineteenth century the facts are more numerous, and we have the independent estimates above quoted respecting France, and inferences respecting Germany. For 1868–70 we have from all the nations (as mentioned in the last chapter) estimates of some authority respecting their annual incomes. Such is the method proposed for this inquiry, and the data available.

Five Nations in 1700.

In the year 1700 the principal State of Europe was France, powerful by her population of nearly twenty millions, and her political unity. Next came Austria, with about twelve millions; and England with nine millions of inhabitants. Prussia was a small State with a million and a-half. The American Colonies, afterwards the United States, had a quarter of a million. Respecting Russia I can get no reliable information.

Gregory King calculated the average income of England in 1688 at £8 per head of her population, an amount equal to a much larger sum in our present currency, and the average of the United Kingdom has been calculated in the earlier pages at £6 per head. But the nation was richer and able to bear heavier taxes in proportion to its numbers than the French or Germans; so that we must calculate their incomes per head at less than £6; and shall not be far wrong in putting them at £4 10*s.* per head. The American income per head may probably be reckoned throughout the calculations a little under that of the United Kingdom. These data give the following approximate estimate :—

FIVE NATIONS, A.D. 1700.

Nation and probable Income per head.	Population.	Probable Income.
		£
United Kingdom, £6 ..	9,000,000	55,000,000
France	19,500,000	88,000,000
Austria £4 10*s.* ..	12,000,000	54,000,000
Prussia	1,500,000	7,000,000
American Colonies, £5 ..	250,000	1,250,000
Total	42,250,000	205,000,000

The Debts at this period were £12,600,000 for England, and nearly £100,000,000 for France. The smallness of the total income of all the States —about one fourth of that of England or France in 1870—is worthy of notice; and also the infantine condition of the States that have since developed into the German Empire and the United States.

The same Five Powers in 1784.

In 1784, Prussia and the United States had grown, in very similar proportions, to populations of five and a-half and three millions; the United Kingdom had expanded to thirteen millions; Austria to twenty-three millions; and France retained her leadership with a population of twenty-five millions. Such were their relative strengths at the breaking out of the French Revolution.

The income of the United Kingdom was calculated at page 15, on the basis of the estimate of Arthur Young, as £150,000,000, or £11 10*s.* per head; and this increase was partly due to the expansion of trade and manufactures in a greater degree than those of France and Germany. We shall not be far wrong in calculating the incomes per head of the latter one-third lower than that of the United Kingdom, or at about £8 per head. This gives the following table:—

THE FIVE NATIONS, 1784.

Nation and probable Income per head.	Population.	Estimated Income.
		£
United Kingdom, £11 10*s.*	13,000,000	150,000,000
France, Austria, Prussia £8	25,000,000	200,000,000
	23,000,000	184,000,000
	5,500,000	44,000,000
United States, £10 ..	3,000,000	30,000,000
Total	69,500,000	608,000,000

These are still very small incomes, and that of the United Kingdom was weighed down by a huge debt, twice as heavy in proportion as that of 1870. The Debts were:—

THEIR DEBTS, 1784.

	Capital.	Annual Charge.
	£	£
United Kingdom ..	273,000,000	9,240,000
France	96,000,000	5,000,000
Austria	35,000,000	1,750,000
United States ..	15,000,000	750,000
	419,000,000	16,740,000

The interest on the three latter is taken at five per cent.

France and Austria were more oppressed by the modes of taxation, and their expensive and unequal levying, than by their debts. which were

not so heavy a burden in proportion to their resources as those of the present day.

The Five Nations in 1815–18.

At the end of the war in 1815, the population of the United Kingdom had made a great advance, having risen to eighteen and a-half millions. France had been raised during Bonaparte's reign to a very large total, but was reduced on his final defeat to her old boundaries, and a population of thirty and a-half millions; still remaining the most populous State in Europe. Austria had been diminished by Bonaparte to possessions with twenty millions of inhabitants, but was restored by the Allied Powers to twenty-eight millions. Prussia at the same time recovered her territories, and numbered ten and a-half millions. The United States had increased to nine millions.

But the war had produced an immense change in the relative incomes of the United Kingdom and the Continental nations. That of the United Kingdom had risen to the then unprecedented average of £19 per head, or a total of £350,000,000. Those of France and Germany, by the ruin and destruction of property and the interruption of trade and industry, had probably sunk below the money average per head of 1784, and much below its purchasing power; and may (as mentioned in the last chapter) be estimated from the figures for France at £6 10*s.* per head. The progress of the

United States was very great, though not equal in proportion to that of England. The estimate is therefore :—

THE FIVE NATIONS, 1815–18.

Nation and probable Income per head.	Population.	Probable Income.
		£
United Kingdom, £19 ..	18,500,000	350,000,000
France	30,500,000	200,000,000
Austria £6 10*s*.. ..	28,000,000	190,000,000
Prussia	10,500,000	70,000,000
United States, £14 ..	9,000,000	126,000,000
Total	96,500,000	936,000,000

Thus England rose to the first place in total as well as individual income, and became the great monied State of the World. But here eminence was purchased with a corresponding Debt.

DEBTS, 1815–18.

	Capital.	Annual Charge.
	£	£
United Kingdom..	902,000,000	32,000,000
France	140,000,000	7,000,000
Austria	99,000,000	3,300,000
Prussia . ..	31,000,000	1,500,000
United States ..	20,000,000	1,000,000
Total ..	£1,192,000,000	£44,800,000

The heavy burden of the British Debt has been fully pointed out in the preceding pages, and the necessity of looking at the income as well as the charge on each nation, to come to a safe conclusion respecting the comparative pressure on each.

The Five Nations, 1837–43.

The next period, down to 1837–43, was a period of peace and gradual development. In the United Kingdom the increase was altogether in population, which, in spite of every discouragement from slackness of trade, increased to twenty-seven millions; whilst France only increased at one-fifth of the English rate, and reached thirty-four millions. Austria made a much larger increase than France, and attained thirty-eight millions; and Prussia and the United States again kept pace together with fifteen and eighteen millions.

As to Income, the United Kingdom was stationary in the average per head, making her large total increase entirely by increased population. France made a great advance both in average and total income, though still very timid in enterprise, and deficient in capital, and her total income is taken from the calculation at pages 54–5 as £360,000,000. The estimates for 1868 show that the average per head of Austria should be assumed as one-

fifth lower than that of France; while Prussia —without the richer provinces of South Germany—was about the same as Austria. The estimate is therefore :—

THE FIVE NATIONS, 1837–43.

Nation and probable Income per head.	Population.	Probable Income.
	£	£
United Kingdom, £18 10*s.*	27,000,000	500,000,000
France, £10 10*s.*	34,000,000	360,000,000
Austria, £8 10*s.*	38,000,000	320,000,000
Prussia, £8 10*s.*	15,000,000	130,000,000
United States, £17 ..	18,000,000	300,000,000
Total	132,000,000	1,610,000,000

Their Debts at that period were :—

DEBTS, 1837–43.

	Capital.	Annual Charge.
	£	£
United Kingdom ..	825,000,000	27,550,000
France	170,000,000	8,000,000
Austria	115,000,000	5,000,000
Prussia	21,000,000	1,000,000
United States ..	15,000,000	900,000
Total	1,146,000,000	42,450,000

which are smaller than the totals in 1815–18.

The general increase of income had therefore lightened considerably the pressure of the Debts, which had scarcely increased in total amount since 1820.

The last period, from 1843 to 1870, was one of astonishing increase for almost every nation. Railways and Steam, with more intelligent Commerce, and the gold discoveries, added in thirty years more than 50 per cent. to the average income per head of every civilized country. The Period to 1870.

The increase of population was slower in the United Kingdom than during the preceding period, owing to the great diminution in Ireland, but the total rose to nearly thirty-one millions. France increased at a much slower rate than the United Kingdom, but the annexation of Nice and Savoy brought her numbers up to thirty-eight millions. Austria was diminished by the loss of her Italian territories to thirty-six millions. Prussia merged into the North German Confederation, and then into the German Empire, with an immense advance from fifteen to thirty-eight and a-half millions; and the United States again keeping pace with Prussia by her large immigrations, rose from eighteen to thirty-eight and a-half millions.

The preceding chapters have given estimates of the income of all these countries from M. Block, M. M. Reclus, Mr. Wells, and semi-official sources;

and also one for Russia founded on that of M. de Buschen; forming the following table, in which the same order is preserved for convenience of reference :—

THE SIX POWERS, 1868-70.

Nations and Income per head.	Population.	Estimated Annual Income.
		£
United Kingdom, £28	30,800,000	860,000,000
France, £21	38,000,000	800,000,000
Austria, £17	36,000,000	600,000,000
German Empire, £19..	38,500,000	725,000,000
United States, £26 ..	38,500,000	1,000,000,000
Total Five Nations	181,000,000	3,985,000,000
Russia, £7	70,000,000	500,000,000
Total Six Powers ..	251,000,000	4,485,000,000

The increase in the Continental and American Incomes, is even more remarkable than the increase of their Debts, which were :—

DEBTS, 1868-70.

	Capital. £	Annual Charge. £
United Kingdom	800,000,000	24,270,000
France	550,000,000	18,500,000
Austria	310,000,000	13,120,000
German Empire	160,800,000	7,340,000
United States	532,000,000	27,280,000
Total Five Nations ..	2,353,000,000	90,510,000
Russia	300,000,000	14,300,000
Total Six Powers ..	2,653,000,000	104,810,000

So that in spite of the large amount of borrowing, the total income of these five nations had gained considerably upon the total indebtedness.

Such is a sketch of the progress for 170 years of the five greatest Nations of the World. Its main features are undoubtedly correct, whatever uncertainty there may be about details, and suggest the following inferences.

Total Increase of Population and Income.

1. There can be no doubt of the immense advance of these five Nations, the United Kingdom, France, Austria, Prussia, and the United States, both in population and wealth during this period; in Population from 42,000,000 to 180,000,000, or four and a-half times as many; and in Income from an approximate amount of £200,000,000 to nearly £4,000,000,000, or twenty times as much. The

United Kingdom alone, without any assistance (as in Germany and America) from conquests or immigration, has increased since the estimate of Gregory King three and a-half times in population and fifteen times in income. The steps of the increase are in round numbers :—

UNITED KINGDOM, FRANCE, AUSTRIA, PRUSSIA, AND UNITED STATES.

Increase, 1700 to 1870.

	Population	Probable Incomes	
		Average per head	Total Incomes
		£ s.	£
1700	42,000,000	5 0	205,000,000
1784	70,000,000	8 10	600,000,000
1815–18	96,000,000	9 10	930,000,000
1837–43	132,000,000	12 0	1,600,000,000
1868–70	180,000,000	22 0	3,980,000,000

The slow progress of Income between 1784 and 1815, and its great acceleration from 1840 to 1870 are remarkable.

Rise of Prussia and United States.

2. The second point is the extraordinary and almost co-equal rise throughout the whole period of the two great nations of Prussia and the United States ; beginning from populations like

those of Denmark and Edinbro', and ending with thirty-eight and a-half millions each. The numbers are :—

RISE OF PRUSSIA AND UNITED STATES.

Populations, 1700 to 1870.

	Prussia.	United States.
1700	1,500,000	250,000
1784	5,500,000	3,000,000
1815	10,500,000	9,000,000
1843	15,000,000	18,000,000
1870	38,500,000	38,500,000

The two nations have grown in entirely different ways; Prussia by war and annexation; the United States by development in a country of unlimited area and resources, and by immigration from older nations. The German Empire is more warlike and economical; the United States richer and more profuse. The American increase must continue in an even greater ratio. Will the German increase stop at its present point, and cease the progress of 170 years? Probabilities are against it, and the next thirty years may add in A.D. 1900 another curious record of the growth of both the nations.

Diminution of the Power of France.

3. A reverse series of facts is observable respecting France. In 1700, she was literally "La Grande Nation," with nearly 20,000,000 out of the total 42,000,000 population of the four European States. In 1784 she was nearly equalled by

Austria, while England and Prussia were together growing a match for her. In 1815 she had thirty millions of population against fifty-nine millions of Austria, Prussia, and England. In 1840 she had thirty-four millions against eighty millions of those three countries. In 1870 she had thirty-eight millions, and was surrounded by the German Empire with an equal number, Austria with thirty-six millions, and England with thirty-one millions. Recent events show that this steady diminution of comparative strength is also likely to continue.

The Riches of England.

4. The fourth point is the leadership of England during the present century in wealth and income, and the near approaches in the last few years of France and the United States. The following table will show the figures :—

LARGEST NATIONAL INCOMES.

	United Kingdom.	France.	United States.
	£	£	£
1815	350,000,000	200,000,000	126,000,000
1837–43	500,000,000	360,000,000	300,000,000
1869–70	860,000,000	800,000,000	1,000,000,000

Thus, after a primacy of more than seventy

years England ceases to be the nation of the world with the largest national income. The United States, with eight millions more population, and with a higher standard of wages and prices, now exceed her in gross amount, and are growing with double the rate of annual increase. France, by a great advance in the wealth of her larger population and by the saving habits of her people, was pressing closely upon England, till stopped and put back by the misfortunes of the late war. The German Empire will probably take the financial place of France, and, exceeding the United Kingdom since the late annexations by nearly ten millions of inhabitants, will rival her in the amount of her national income.

But the richest nation, for commercial and financial purposes is the country that has the largest amount of disposable capital; or, in other words, the country with the largest margin between average income per head and average expenditure. Holland, in the days of her prosperity, was the richest State of Europe, and the creditor of Europe, although in aggregate income she must have been much surpassed by the other States of greater population. The United States, notwithstanding their large income, are financially not a wealthy country, because they have a smaller margin between individual income and expenditure, and a smaller amount of available

capital than European countries. England is the richest country in the world, because she has the largest margin between income and expenditure, and much the greatest amount of disposable capital, so that, after providing for her own commercial requirements, she is the greatest lender to other nations.

Debts and loss of Income.

5. Lastly, as regards National Indebtedness, the estimates of Income which have preceded shew that we must take into account the losses of industry and income by a great war or calamity, as well as the burden incurred of Debt. During the French Revolutionary War, England suffered no loss of industry, but on the contrary considerably increased it; but she incurred an additional debt (including annuities) of £630,000,000, with an annual charge of £23,000,000 which was a tax of seven per cent. on her income of £350,000,000. The Continental States incurred no equivalent amount of debt, or debt-charge on their incomes; but they suffered a terrible destruction of property, and diminution of those incomes themselves, far more than equivalent to the percentages imposed on England. During the long Peace, from 1815 to 1848, all the European Countries made progress towards recovering their losses, England by diminishing the pressure of her Debt, and the Continental States by reviving their industries and incomes; and thus at the termination of that

period a great modification had taken place in the two extremes of the excessive burden of English Debt, and the excessive deficiency of Continental income.

After the Revolution of 1848 the same process continued at a more rapid rate, but a new cause came into action, in Continental distrusts and armaments. This time the Continental nations copied the example set by England in the previous war, and mortgaged their growing industries for their military preparations. They did not mortgage them so deeply as England—except perhaps in the case of Italy—because their prosperity kept pace with their need of borrowing. But they lost the opportunity of lightening their burdens by their unprecedented development of resources. England has availed herself of it, and, by unprecedented good fortune in avoiding any great war during the last half century, has reduced by two-thirds the real pressure and burden of her National Debt.

IX.

Debt-Evils and Debt-Reduction.

Is a National Debt a national evil, and ought efforts be made for its reduction? This is the practical question before us.

The nature of National Debts.

A State is not, like an individual, the absolute owner of a permanent estate, that can, without injustice, be mortgaged at pleasure. The State is only invested with a protectorate and jurisdiction over a vast aggregate of property and living workers that constitute the capital of the country, and a large amount of produce and earnings that form its annual income. Much of the property changes and perishes, and all the workers change and perish more rapidly still. Aids and benevolences were levied in the Middle Ages for extraordinary emergencies by exactions out of the capital of men's property—fifteenths, tenths, or even fourths. In modern times this prerogative is practically relinquished, and contributions are now only levied out of the annual income. But

with the growth of credit the State has gained a power of mortgaging this income, by imposing on all present and future property and inhabitants within the State, under pain of national loss of honor and solvency, an obligation to pay out of their income for terms of years or for ever the interest of money that it has borrowed. Thus owners of property that was not in existence at the time of the loan, and workers who have inherited no property at all from their borrowing ancestors, are obliged by this law of public credit to pay interest, as to the amount of which they have had no discretion, and to deprive themselves of comforts, and even necessaries, for the cost of services in which they had no share, and probably have derived no benefit. Such a power as this transfers a burden from one set of workers and property to a materially different set of workers and property, and inflicts a great deal of hardship, and often of injustice, upon future generations, more particularly on the poor among them. Hence the power of borrowing ought only to be exercised on the clearest necessity, and with the utmost economy.

Recklessness of borrowing.

But these are just the two conditions most likely to be absent from every habit of borrowing. When money is raised by taxation within the year for which it is needed, the amount that can be raised is limited by the tax-enduring habits of the

people, and must be as small as possible in order not to provoke discontent. For the same reason it must be expended as economically and made to go as far as possible. But when money is raised by loans, it is limited only by the necessity of the *interest* not being too large for the taxable endurance of the peoples, or provoking their discontent. Hence the limits of borrowing (on the average of States) are about twenty times larger than the limits of taxation; and an amount that is monstrous as a tax is a very light burden as a loan. In consequence, borrowing is freed from the most powerful check that restrains taxation, and may be, and generally is, used without difficulty or discontent to carry on war for a much longer time than heavy taxation, and to obtain much larger annual amounts.

Cost and wastefulness of borrowing.

When a loan is obtained, the reason for economical expenditure is equally wanting, and borrowed money is commonly expended with much greater profuseness and even wastefulness than would be the case with taxes. Besides, loans are subject to considerable cost in commissions and other expenses, which diminish the net sum that reaches the treasury. They are also usually raised by the issue of stock at a discount which can only be redeemed at a higher rate in times of prosperity. From all these causes it generally results that very much money, often

many times as much, is raised and spent by loans, than would have been out of taxation only. The heavy taxation creeps on insidiously and insensibly, but is then permanent and irremoveable, except by efforts very many times more serious and difficult than the payment of interest on the debt. And the real annual charge is larger than the nominal interest, because of the cost of collection.

Economical effect of a Debt.

Now, let us consider the economical effect on the nation. The unnecessary or extra portion of war expenditure, occasioned by the adoption of borrowing, is capital unnecessarily diverted from productive investments, and spent on unproductive objects. Instead of being employed in trade or industrial undertakings or improvements, adding a new annual produce to the net income of the nation, this capital becomes a pensioner on the old net income of the country. It is like taking an army of artificers and agricultural labourers from their workshops and fields, to maintain them and their children after them, without labour, upon the taxes. An unproductive debt, by its absorption of useful capital, prevents improvements, hinders the growth of industrial capital, and stunts the development of a nation; while at the same time, to meet the necessity of paying interest, it imposes additional taxation, and lessens the margin of tax-bearing power of the nation.

Instance of France.

Had France adhered strictly to the rule of

raising her expenditure from the taxes of the year, she would have saved the greater portion of the £300,000,000 fresh debt of the Second Empire; and might have been a more improved country, and richer in capital; and therefore stronger in resources, and in margin for taxation.

A Debt causes injurious taxation.

But a Debt produces greater evils and causes of weakness than the mere increase of taxation. Moderate taxes are easy to lay and to bear without hardship or inequality, and the taxes necessary for government and national safety are usually of moderate amount. But heavy taxes are difficult to impose without hardships and inequalities, disarranging industry, and raising the prices of necessary articles; losses that are apt to fall principally upon the poor. Such taxes may be borne for a short effort during the fever of war, but when continued during peace, for the interest of a heavy Debt, they lessen the annual production of a nation and cripple its development. Such was notably the effect of Debt-taxation in the United States after the Civil War. Such also was the effect of the Dutch Debt. Hence a Debt not only causes the payment of additional taxation, but of a worse kind of taxation; for, even if taxes are wisely levied, it necessitates the heavy portion of the taxation, which is always the most prejudicial to industry. Escape from such taxes is often sought

by emigration, draining the State of many of its best workers and their savings.

Great wars unavoidable from time to time.

Yet, notwithstanding all these evils, it is practically impossible for a great State to avoid being involved from time to time in National Debt. Crisises occur in the history of every nation, when war becomes a life or death struggle, and the greatest possible efforts must be made for national honor and existence. At such times monetary considerations sink into insignificance, and the safety of the State necessitates very large borrowing, and on terms that in peace would be very disadvantageous. No State can hope altogether to escape such emergencies, or is justified in ignoring their inevitable occurrence. Sometimes a long interval of peace may be enjoyed, with many hairbreadth escapes from war; but then a period of war may follow, with many failures to restore peace. A wise national policy will take into account these conditions of national existence, and not act as if peace were to be perpetual.

When Debt becomes a necessity.

Thus, a great State will from time to time be obliged to spend in national defence far more than can be raised within the year, even by war taxes; and, in order to avoid confiscation of property and stoppage of industry, will be compelled to have recourse to loans, throwing part of the burden upon posterity, and will have to submit to disadvantageous terms and costliness in order to

be strong enough to repel attack or carry the war into the enemy's territory. A wise nation will, like Prussia, borrow as little as possible, and administer the borrowed money with the strictest economy. A wise nation will not, like the United States, carry on war by borrowing instead of taxation, and postpone increased taxes till a huge debt has been accumulated. A wise nation will not, like England in the Revolutionary Wars, borrow on conditions that render subsequent repayment extremely onerous; and abandon all care for economy in expenditure.

A borrowing generation ought to make efforts to repay.

But in the intervals of peace ought the Debt to be reduced? When a Debt has been only just contracted there is a special duty on the borrowing generation to make an effort to exonerate posterity, and to bear themselves in a more gradual manner the burden that was too heavy for instant payment. This was the case with the United States at the conclusion of their Civil War, and it formed a great reason for the sacrifices they made for the diminution of the Debt. But when a Debt has long survived the generations that created it, like the Debt of England in 1870, what is the Nation's true policy and duty?

Objectionable taxation should first be reduced.

If a Debt is causing objectionable taxation that hinders trade and industry, there can be no doubt that the principal efforts ought to be directed to getting rid of the pernicious taxes, and that

it is unwise to spend in simple saving of interest the greater part of a surplus that might do double service by creating new industry as well as remitting a burden. Still more is it unwise to impose fresh prejudicial taxes in order to pay off debt and save its interest, since this is destroying industry, and buying a five per cent. reduction by a ten or fifteen per cent. imposition. But it is not wise altogether to lose sight of the diminution of the Debt, and to allow the nation to lose the habit and the sense of duty of reduction.

The effect of reduction of Debt.

If there is no taxation that tends to cripple industry, and if it is possible to obtain a surplus without injuring industry, ought greater efforts to be made to reduce an old Debt? Many have argued that it is unwise to pay off a Debt that bears a low rate of interest with money drawn from industry and bearing higher interest. But money paid in taxes is not chiefly drawn from industry. It comes from other sources as well, where it bears as low an interest as that of the Funds, and it is partly saved from superfluities. The industrial capital of a nation is rather increased than diminished by reducing a Debt.

Growth of a nation does not render active reduction of Debt unnecessary.

The real argument arises on the point that we have taken so much pains to elucidate, the rapid growth of modern nations in numbers and wealth. Why, it may be said, should we increase our present taxation in order to diminish the debt for future

generations, when the experience of the last 170 years shows that the nation by its rapid growth is constantly diminishing its burden. In the peace between 1815 and 1870 England has diminished the pressure of her debt from 9 per cent. to less than 3 per cent., principally by her natural growth and increase, what can we want more than such a rate of diminution, and why should we pinch ourselves to accelerate so rapid a process? The answer is, that this argument is fallacious, because it assumes the continuance of peace and rapid growth, which we have no right to count on as a certainty. We must in prudence expect and make provision for periods of war and great increase of debt.

Instances of England and France.

In 1784 the same argument might have been used: "See how immensely the national income has increased since 1700, trebling itself in 84 years. The next thirty years will make a vast reduction in the burden of the debt." But the next thirty years included twenty-two years of war, and notwithstanding the growth of income, the actual pressure of the debt was nearly doubled. The same contingency of war may again falsify anticipation, and render the argument equally delusive. So also in France, it might have been argued under the Second Empire: "See how the increase of national wealth has kept pace with our borrowing, so that the pressure of the Debt in 1869

was no greater than in 1850." But the war has destroyed a great part of the increased income, and rendered the debt in 1869 far heavier than in 1850, besides imposing a fresh burden far harder to be borne. A great naval war might equally destroy a large portion of the trade and income of England, besides loading her with a new debt very hard to bear.

Industrial competition of Nations.

But there is still another reason for active Debt-reduction in the industrial competition of nations. The least indebted nation will, other things being equal, have a distinct advantage in the markets of the world; an advantage that may in course of time have a great influence over national prosperity. There will probably in the future be three great industrial and trading nations, England, the United States, and Germany. Of these three, England stands first at the present moment, but the United States and Germany have the greatest room for expansion. France has for the present thrown herself out of the competition. The future pre-eminence of these three nations will depend in a great degree on their taxation; and that again on their National Debts. Germany has always been economical in debt, and now has the prospect of being entirely free from its burden. The United States have taken up the idea of paying off their debt with the pertinacity with which they embrace all ideas tending to the

greatness of their nation; and they are aided by an extraordinary rate of national development that will diminish the pressure of their debt at double, and soon at treble, the diminution of that of England. At no long distance of time, if they manage their affairs with the ordinary prudence, the pressure of the Debt will have become insignificant, and they may return to their former light taxation before the Civil War. Their mineral resources will then be fully opening, and their manufacturing and trade capabilities growing greater than those of their Mother Country.

If England remains burdened with debt, how will she maintain the competition? It is the true policy of every industrial nation to diminish the burden of her debt; but of all nations this is a policy most essential for England. Just as in 1700 greater nations came upon the scene to contend for commercial supremacy with the Italian Cities and Holland, so towards 1900 greater nations are coming upon the scene to contend for commercial supremacy with England. The United States and Germany may each rise to 70,000,000 inhabitants, and the United States will grow to 100,000,000, and far exceed any population of the United Kingdom. The United Kingdom ought to lessen her burdens to prepare for the competition.

The Latin

But England is not the only State to whom

this advice should be given; every other borrowing State equally requires it. The Latin Nations are injuring their industrial prospects by the recklessness with which they are plunging into debt. France is grievously weighted with her recent additions. Italy is almost crushed by her burden. Spain and Portugal are increasing the obstacles to a revival of their commerce. Latin America is steadily enlarging the taxation for her debts. In Eastern Europe, Austria continues to borrow for her military deficits; Russia goes on burdening her poor population; while Turkey and Egypt borrow up to the verge of bankruptcy. All these States are disqualifying themselves for competition with Anglo-Saxon and Teutonic industry. and Eastern Nations.

Reduction of National Debts has been practised by few nations. The following table shows nearly its extent :— Debt Reduction.

REDUCTIONS OF NATIONAL DEBTS.

Nation.	Period.	Highest Debt.	Lowest Debt.	Per cent. per Ann. Reduction.
		£	£	
United Kingdom..	1815–1870	902,000,000	800,000,000	0·2
United States .. (with State Debts)	1865–1870	622,000,000	532,000,000	2·6
Holland	1814–1870	144,000,000	80,000,000	0·8
Belgium	1830–1870	39,000,000	27,400,000	0·75
Denmark	1866–1869	14,860,000	13,240,000	3·6
Prussia	1820–1842	31,000,000	21,000,000	1·5

All of these are Anglo-Saxon and Teutonic or Scandinavian nations. The reduction by the United Kingdom is the smallest in the list, being only 4*s.* per £100 per annum. Those of Holland and Belgium are four times as great. That of the United States for the last four and a-half years is thirteen times as great; but this, like the reduction by Denmark, is over too short a period for a fair comparison.

Conclusions.

Such are the principal facts and arguments respecting National Debts. It may be useful to give a brief summary of their conclusions.

A National Debt is a mortgage of the future income and earnings of a nation, and shifts the burden from the borrowing generation to materially different property and earners.

Hence it is only justifiable in case of great emergencies, with which the State is unable otherwise to cope; but it is then able to render great services to the nation.

It generally leads to much greater and less economical expenditure, and is raised on onerous terms.

It weakens a nation by withdrawing capital from productive employment and improve-

ments, and also by necessitating additional and often injurious taxation.

Its bad effect is modified by the growth of the nation, which gradually diminishes its pressure and burden.

But great wars from time to time arise, requiring large increases of Debt, so that national growth cannot be depended on to wipe out a National Debt.

In time of peace the industrial competition of nations gives a great advantage in the markets of the world to the nation least weighted by Debt.

The removal of prejudicial taxation, so long as it exists, must be the principal object of exertion.

But for war reasons, and also for peace reasons, it is always the true policy of a nation to keep steadily in view and persevere in efforts for the reduction of its National Debt.

National Debts and Resources.

A few words may be added on the Statistics of the Civilized Nations of the World contained in the Appendix. The total populations of those nations in A.D. 1700 were probably 200,000,000, and their national incomes, and taxes, were

probably not more than one-fifteenth of the present amounts. Their National Debts were little more than £300,000,000.

Their population is now.. ..	600,000,000
Their Annual Income, if only taken at £11 per head ..	£6,600,000,000
Their Taxation is	£596,000,000
Being per head	20*s.*
Their National Debts have increased to	£3,900,000,000
Being per head	£6 10*s.*
The Annual Charge of their Debts is	£157,000,000
Being per head	5*s.* 2*d.*

National Debts, 1869-70.

I.—EUROPE.

Population and Square Miles	Government Revenue	Nation	Capital of Debt	Annual Charge and Per Head
	£		£	£
30,806,000 / 120,000	71,450,000	United Kingdom 1870	800,000,000	24,270,000 / 15/9
38,066,000 / 207,500	72,000,000	France 1870	550,000,000	16,600,000 / 8/8
36,000,000 / 227,000	44,700,000	Austria 1868	310,000,000	13,120,000 / 7/3
70,000,000 / 1,763,000	66,038,000	Russia 1866	300,000,000	11,500,000 / 3/3
26,000,000 / 108,000	32,120,000	Italy 1870	285,500,000	15,000,000 / 12/-
17,000,000 / 183,000	25,850,000	Spain 1870	237,400,000	6,735,000 / 8/-
38,514,000 / 206,500	47,780,000	Germany 1869-70	190,800,000	7,342,000 / 3/9
25,000,000 / 149,000	14,500,000	Turkey 1870	92-104,000,000	5000,000 / 4/0
3,750,000 / 13,500	9,704,000	Holland .. 1869	80,640,000	2,298,000 / 12/1
4,000,000 / 36,500	3,758,000	Portugal .. 1869	59,335,000	1,801,000 / 9/-
5,900,000 / 11,500	7,007,000	Belgium .. 1869	27,360,000	1,041,000 / 4/2
1,780,000 / 14,500	2,706,000	Denmark .. 1869	13,240,000	817,000 / 9/-
1,350,000 / 20,000	1,195,000	Greece 1869	18,000,000	250,000 / 3/8
6,000,000 / 292,000	3,517,000	Sweden and Norway 1870	8,940,000	432,000 / 1/5
2,500,000 / 15,000	854,000	Switzerland .. 1869	5,890,000	292,000 / 2/4
4,000,000 / 45,000	3,130,000	Roumania .. 1869	4,325,000	340,000 / 1/8
1,100,000 / 12,500	577,000	Servia 1870	None	— / —
309,860,000 / 3,425,000	406,886,000	Europe	2,965,430,000	107,538,000 / 7/-

II.—AMERICA.

Population and Square Miles	Government Revenue	Nation	Capital of Debt	Annual Charge and Per Head
	£	ANGLO-SAXON AMERICA.	£	£
38,300,000 2,819,000	78,966,000	United States .. 1870 State Debts.. 1870	466,400,000 66,000,000	27,280,000 4/2
4,280,000 620,000	3,020,000	Canada 1868	19,230,000	960,000 4/8
828,000 12,000	1,014,000	West Indies	1,014,000	51,000 1/2
174,000 89,000	333,000	Honduras and Guiana . 1869	676,000	33,000 3/9
		LATIN AMERICA.		
8,000,000 1,030,000	3,300,000	Mexico 1865	63,500,000	4,000,000 10/–
12,000,000 4,891,000	9,400,000	Brazil 1870	64,410,000	3,500,000 5/10
3,000,000 500,000	2,690,000	Peru 1870	20,400,000	1,132,000 7/6
1,740,000 515,000	2,637,000	Argentine Republic 1870	14,760,000	853,000 9/9
2,200,000 368,000	878,000	Venezuela .. 1870	10,600,000	636,000 5/9
3,000,000 432,000	470,000	Colombia .. 1867	10,000,000	500,000 3/4
470,000 73,500	1,056,000	Uruguay .. 1870	10,000,000	600,000 25/6
1,700,000 250,000	1,855,000	Chili 1870	7,290,000	370,000 4/4
1,340,000 103,000	500,000	Paraguay .. 1870	5,000,000	300,000 4/6
1,300,000 219,000	280,000	Ecuador .. 1870	3,274,000	163,500 2/6
400,000 57,000	246,000	Nicaragua .. 1868	750,000	45,000 2/3
127,000 26,000	300,000	Costa Rica .. 1869	620,000	37,000 5/–
1,400,000 48,000	6,000,000	Cuba	560,000	33,600 –/2
750,000 9,500	156,000	San Salvador .. 1869	171,000	10,500 –/3
1,200,000 53,000	305,000	Guatemala .. 1865	500,000	30,000 –/6
2,400,000 473,000	450,000	Bolivia	None	— —
84,609,000 12,588,000	113,856,000	AMERICA.. ..	765,155,000	40,500,000 9/5

III.—ASIA.

Population and Square Miles	Government Revenue	Nation	Capital of Debt	Annual Charge and Per Head
	£		£	£
155,000,000 / 911,000	49,263,000	British India .. 1869	103,000,000	5,025,000 / -/8
35,000,000 / 156,000	5,000,000	Japan 1870	1,000,000	90,000 / -/0½
2,083,000 / 24,000	925,000	Ceylon 1870	700,000	42,000 / -/5
117,000 / 32	236,000	Hong Kong .. 1868	16,000	1,000 / -/2
192,200,000 / 1,091,000	55,424,000	Part of Asia ..	104,716,000	5,158,000 / -/6½

IV.—AUSTRALASIA.

Population and Square Miles	Government Revenue	Nation	Capital of Debt	Annual Charge and Per Head
	£		£	£
715,000 / 86,000	3,175,000	Victoria.. .. 1869	12,535,000	724,000 / 20/3
467,000 / 480,000	4,094,000	New South Wales 1868	8,565,000	427,000 / 18/3½
107,000 / 680,000	780,000	Queensland .. 1868	3,460,000	225,000 / 42/-
176,000 / 380,000	777,000	Australia, South 1868	1,663,000	99,000 / 11/3
99,000 / 26,000	377,000	Tasmania .. 1869	1,314,000	79,000 / 15/10
23,000 / 978,000	99,000	Australia, Western 1869	1,027,000	61,000 / 54/3
246,000 / 122,000	1,006,000	New Zealand .. 1868	7,180,000	360,000 / 29/-
1,833,000 / 2,752,000	10,368,000	Australasia ..	35,744,000	1,975,000 / 21/6

V.—AFRICA.

Population and Square Miles	Government Revenue	Nation	Capital of Debt	Annual Charge and Per Head
	£		£	£
7,000,000 / 31,000	7,480,000	Egypt 1870	36,750,000	2,580,000 / 7/4
566,000 / 200,000	565,000	Cape of Good Hope .. 1868	1,100,000	64,000 / 2/–
324,000 / 700	595,000	Mauritius .. 1869	1,100,000	66,000 / 4/–
8,500,000 / 250,000	500,000	Morocco	440,000	22,000 / –/0½
275,000 / 18,000	96,000	Natal 1868	265,000	16,000 / 1/2
720,000 / 30,000	22,000	Liberia	None	— / —
17,385,000 / 529,700	9,258,000	Part of Africa ..	39,655,000	2,748,000 / 3/2

The Civilized World.

606,000,000 / 20,400,000	£ 596,000,000	Total of Europe, America, Australasia, and part of Asia and Africa	£ 3,910,000,000	£ 157,000,000 / 5/2

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